

**SURVEY OF
INTERNATIONAL AFFAIRS
1935**

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SURVEY OF INTERNATIONAL AFFAIRS 1935 VOLUME I

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Wisdom is better than weapons of war; but
one sinner destroyeth much good.

Ecclesiastes, ix. 18.

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PREFATORY NOTE

THE main subject of this volume is the beginning of a competition in rearmament between Germany and the other European Great Powers, in sequence to the final collapse of the World Disarmament Conference.

Except for the part of the present volume that deals with the Far East, almost everything that is recorded in both the volumes into which the *Survey for 1935* has had to be divided will be found to derive ultimately from this fountain-head carved in the formidable shape of a reawakening Bellona with a German countenance. The Franco-Italian Pact of the 7th January, 1935, was, for example, one of the political consequences of Germany's rapid recovery of military strength, while the Italo-Abyssinian conflict was a consequence, in its turn, of the Franco-Italian Pact; and thus, as the shades of evening fall again over Europe, the lengthening shadow of Germany stretches beyond Geneva till it touches Addis Ababa. There is thus a German link between the two volumes of the *Survey for 1935*; and this link is not the less potent for being unobtrusive. Volume ii has been allocated entirely to the Italo-Abyssinian dispute, on account of the magnitude of this particular transaction; and in that supplementary volume Germany's part is not conspicuous; yet the course of the events that are recorded in the Ethiopian volume cannot be understood without constant reference to the present volume, and here Germany is unmistakably the central figure.

Both volumes of the *Survey for 1935* come from the hand of two members of the staff of Chatham House whose names appear on the title-pages, except for the economic parts, which in both cases have been written as usual by Mr. H. V. Hodson, the Far Eastern part of the present volume, which has been written once again by Mr. G. E. Hubbard, and the chapters dealing respectively with Memel and with the relations between Czechoslovakia and Poland, which have been written by Miss K. Duff (who is also a member of the staff of Chatham House, like Mr. Hubbard and the two writers named on the title-page).

While for the year 1935 the *Survey* has thus burst the bounds of a single volume for the first time since the publication of a pair of volumes for the year 1925, the additional space has been partly made use of in the present instance in order to carry the narrative on beyond the turn of the calendar year. The European part of volume i carries it to the eve of the reoccupation of the Rhineland

PREFATORY NOTE

by the Reichswehr on the 7th March, 1936, while volume ii goes down to the 23rd September, 1936—the date on which the Assembly of the League of Nations accepted the recommendation of its Credentials Committee that the Ethiopian delegation should be allowed to retain its seat in the Assembly during the current session.

ARNOLD J. TOYNBEE

September, 1936

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PART I EUROPE

(i) Introductory Note

IN 1935, as in 1934, the resurgence of Germany as a military Power—more and more heavily armed, and therefore growing formidable to an ever widening circle of neighbours—was the central fact and the dominating force in the field of international affairs. Indeed, by 1935, this German factor had become so potent that it made itself felt beyond the bounds of Europe and exercised a decisive influence in international transactions to which, on the face of it, Germany was not even a party.

The classic example of the workings of this hidden, but not on that account ineffective, German force was the history of the Italian act of aggression against Abyssinia. This incident was of such large dimensions and of such tragic importance that it has been found necessary, in this *Survey*, to give it a volume to itself.¹ From the meeting of the League Council at Geneva on the 4th September, 1935, down to the German military reoccupation of the Rhineland on the 7th March, 1936, Italy and Abyssinia and the states members of the League of Nations occupied, between them, the whole foreground of the international stage, while Germany forebore to take any immediate advantage, in Europe, of the African preoccupations of Italy and France and Great Britain. Yet Germany's continued presence was felt perhaps all the more acutely by the other actors just because Germany's attitude was so surprisingly 'correct'. Her quiet and silent attention to her own business of rearmament was never out of her neighbours' minds; and this anxiety about Germany worked mightily upon the nerves of all of them. It was the French fear of Germany that made France come to terms with Signor Mussolini in the first week of the calendar year. It was a calculation that this fear would hold France paralysed that led Signor Mussolini to take Time by the forelock in order to achieve his own African ambitions before, in Europe, Herr Hitler would be ready to strike. And the Italian dictator's calculation was justified by the event; for France duly chose to let the League of Nations suffer shipwreck rather than run the risk of losing the prospect of Italian support against a German menace; and even Great Britain, who was less half-hearted than France in her gesture of applying the Covenant against Italy,

¹ *Survey for 1935*, vol. ii.

was unable, from first to last, to make up her mind whether she cared more for the League than for the Stresa Front, whether she intended to treat Italy as an African poisoner or as a European policeman.

Germany is thus the central figure upon whom all the chapters in this part of the present volume converge. Her presence dominates not only the negotiations on disarmament, on which she herself was directly engaged with the Western Powers in 1933-4, but also the ensuing last chapter of the Disarmament Conference—in which she made herself felt perhaps more powerfully than she could have done if she had still been represented at Geneva. The project for an East-European Pact of Mutual Assistance was a reflection of fears in the hearts of Germany's neighbours; and it was transformed, through Germany's unshakable refusal to play the part for which those neighbours had cast her, into a pair of bilateral pacts—one Russo-French and the other Russo-Czech—which the Germans denounced as an *Einkreisung* of the Third Reich. The relation of the Franco-Italian pact of the 7th January, 1935, to the French fear of Germany, on the one hand, and to the Italian act of aggression in Africa, on the other hand, has been touched upon already. And the same thread of fear runs through the relations between the three Western Powers and Germany during the first six months of the year 1935.

The note of fear by which all these negotiations were pervaded goes far to explain their barrenness. The Anglo-German naval agreement of the 18th June, 1935, was the mouse born of this travail of the mountains. Every other project for organizing peace in Europe was still-born, like the contemporaneous attempt to preserve peace in Africa. And the most lamentable of all these still-births was the failure even to institute negotiations for the conclusion of a West-European Air Pact, notwithstanding the fact that this chance of liberation from the brooding menace of attack from the air was ardently desired, and eagerly welcomed, by all the peoples concerned.

There was only one international activity in which statesmanship was effective at this time; and that activity was competitive rearmament.

(ii) Negotiations on Disarmament between Germany and the Three Western Powers (1933-4)

The record of the work of the Disarmament Conference which has been given in earlier volumes of this *Survey*¹ was carried down to the

¹ See the *Survey for 1932*, Part III, section (ii); the *Survey for 1933*, Part II, section (iii).

22nd November, 1933—the date on which the Conference decided that Germany's withdrawal from participation in its work made an adjournment necessary, in order that an attempt to solve the outstanding difficulties might be made through diplomatic channels. It will be recalled that Germany's announcement of her withdrawal from the Conference and of her intention to resign her membership of the League of Nations had followed immediately upon a statement made by the British Foreign Secretary, Sir John Simon, to the General Commission of the Conference on the 14th October, 1933. In that statement Sir John Simon had summed up the result of negotiations which had been going on for some time between the representatives of France, Great Britain, Italy and the United States.¹ The object of these negotiations had been to decide on a common policy in regard to the German demand for the immediate application in practice of the principle, which had been conceded in December 1932,² that Germany had a right to an equal status with other Powers in the matter of armaments. The decisive factor in the negotiations had been the French insistence that it was impossible either to reduce French armaments or to permit an increase in German armaments until a system of supervision of armaments had been established and its efficacy had been proved. Accordingly the proposal outlined by Sir John Simon to the General Commission maintained

¹ After the adjournment of the General Commission of the Disarmament Conference in November 1933, the United States Government ceased to take an active part in the attempts to reach a settlement with Germany. American representatives continued, however, to attend the meetings of the committees of the Disarmament Conference in 1934 and 1935, and they concerned themselves especially with the question of controlling the trade in and manufacture of arms (see pp. 47-50, 52-3, and 54-7, below). No fresh initiative came from Washington during the period of the 'parallel and supplementary' negotiations outside the framework of the Disarmament Conference; but in a speech before the Woodrow Wilson Foundation on the 28th December, 1933, President Roosevelt renewed the appeal which he had made to the Governments represented at the Disarmament Conference in May 1933 (see the *Survey for 1933*, pp. 267-9) and pleaded once more that the nations of the world should simultaneously enter into an agreement for the reduction of 'offensive' armaments and should give an undertaking that their armed forces should never invade the territory of another state in defiance of treaty obligations. The conclusion of a general pact of non-aggression was recommended again on the 16th February, 1934, in the State Department's reply to the British memorandum of the 29th January, 1934, which was sent to the United States as a member of the Disarmament Conference (see pp. 15 *seqq.*, below). In general, the American Government declared themselves to be 'in sympathy with the principle of the British suggestions' and expressed the hope that they would bring about 'a successful resumption of the general disarmament discussions'.

² For the Five-Power Declaration of the 11th December, 1932, which conceded Germany's equality of rights as part of a system which would provide security for all nations, see the *Survey for 1932*, pp. 288-9.

the principal features of a 'two-period' plan which Germany had already refused to accept.¹ The suggestion was that a convention should be concluded with a period of validity of eight years; during the first half of this period progress should be made with the transformation of continental armies (on the lines laid down in the plan which had been submitted to the Disarmament Conference by the French Government in November 1932² and in the draft convention produced by the British Government in March 1933)³ and an adequate system of supervision should be set up and applied to all states; during the second half of the period, the heavily armed Powers should begin to reduce their armaments, certain types of 'offensive' weapons should be abolished, and all states, including Germany, should be permitted to possess the remaining 'defensive' weapons. It was an essential part of this plan that Germany should not increase her armaments immediately, except to the limited degree that would be necessary in connexion with the proposed transformation of the Reichswehr into a larger short-service army; and this postponement of the practical application of Germany's equality of status for at least four years caused the German Government not only to reject the plan but to decide that they would no longer take part in the work of the Disarmament Conference.

When the Bureau of the Conference finally came to the conclusion, on the 22nd November, 1933, that it was impossible to keep the full machinery of the Conference in motion in Germany's absence,⁴ it was generally believed that the best hope of finding a way out of the deadlock lay in direct negotiations between France and Germany, since it was the failure to reconcile the differences between those two Powers which had led to the break-down of the Conference. The German Government, for their part, had been at pains to make it clear that they were ready and willing to negotiate with France, and that they did not see any insuperable obstacle in the way of agreement. On the very day of Germany's withdrawal from the Disarmament Conference Herr Hitler had made a significant gesture of friendliness towards France by declaring, in a broadcast speech, that the whole German people sincerely desired to end the feud with France, and that, once the question of the Saar was settled, there would be no grounds for territorial conflict between France and

¹ See the *Survey for 1933*, pp. 293 *seqq.*

² See the *Survey for 1932*, pp. 275-9.

³ See the *Survey for 1933*, pp. 253-4.

⁴ For the different views on this question, and the negotiations which led up to the decision of the 22nd November, see the *Survey for 1933*, pp. 308 *seqq.*

Germany.¹ There were other overtures in the same sense from the German side during the next few weeks;² and on the 22nd November, the day on which the Disarmament Conference adjourned, the German attitude was even more clearly defined through the agency of the Paris journal *Le Matin*, which published an account of an interview which Herr Hitler had given to its representative. The Führer was reported to have declared again that the Saar question represented the only outstanding difference between France and Germany, and to have added that if France was prepared to look for security in a free agreement with Germany he was willing to listen, to understand and to act. Germany demanded 'absolute moral equality', but practical equality could be achieved by stages and the German Government were ready to discuss the details.

The French Government, meanwhile, had abandoned with reluctance the standpoint that it was both possible and desirable to continue the work of drafting a disarmament convention in Germany's absence,³ and had agreed to take the course, which was recommended by Great Britain and Italy, of getting into direct touch with the German Government. The negotiations began on the 24th November, when the French Ambassador in Berlin was received by Herr Hitler, and they continued during the next two months. The Governments of Great Britain and Italy were kept constantly informed of the progress of the conversations, and the various proposals and counter-proposals were examined and discussed in London and Rome as well as in Paris and Berlin. The British Government were especially active in carrying out the duties of an 'honest broker', whose function it was to bring the two principals together and help to smooth out difficulties, and they refrained from putting forward their own suggestions for a solution until it had become clear that no settlement could be expected to emerge from the Franco-German exchanges.

At the outset of the Franco-German negotiations the German Government suggested that the plebiscite which was due to be held in the Saar basin in 1935⁴ should be abandoned, and that the district should be transferred to Germany forthwith as part of a general settlement. On the French refusal to consider this suggestion the German Government did not press the point,⁵ but on matters directly

¹ *Op. cit.*, pp. 307-8.

² *Op. cit.*, pp. 312 n., 313.

³ *Op. cit.*, pp. 311 n., 315.

⁴ See the *Survey for 1934*, Part III E.

⁵ French *aide-mémoire* of the 13th November, 1933; German *aide-mémoire* of the 18th December. The principal documents exchanged between the Governments concerned during the negotiations were published in a French

connected with armaments they proved less ready to yield. In substance, the standpoint taken by the German Government during the earlier stages of these negotiations differed hardly at all from their standpoint on the eve of their withdrawal from the Disarmament Conference. They held that the discussions at Geneva had proved conclusively that the heavily armed states had no intention of disarming. Germany was 'the only country that' had 'genuinely discharged the disarmament obligations embodied in the Treaty of Versailles', and she was therefore 'entitled to obtain, in one way or another, equality of treatment' in regard to 'her own security'.¹ The German plan for obtaining this equality of treatment was summarized as follows:²

1. Germany will receive complete equality of rights.
2. Heavily armed states will undertake among themselves not to exceed the present level of their armaments.
3. Germany will adhere to this convention, undertaking of her own free will to show such moderation in availing herself of the equality of rights to be conceded to her, that this equality cannot be regarded by any European Power as an offensive menace.
4. All states will acknowledge certain obligations in regard to the humane conduct of war and the non-employment of certain weapons against the civil population.
5. All states will accept a general and uniform system of supervision to verify and ensure the observance of these undertakings.
6. The European nations will guarantee among themselves the unconditional maintenance of peace by signing pacts of non-aggression, to be renewed after a period of ten years.

The detailed explanation of these proposals, which was elicited by French inquiries, showed that the German Government contemplated the gradual transformation of the Reichswehr into an army of 300,000 men with a twelve months' period of service (compared with the 200,000 men and eight months' service indicated in the British draft convention of March 1933 and accepted by France). They did

Blue Book: *Négociations relatives à la réduction et à la limitation des armements, 14 octobre 1933-17 avril 1934* (Paris, Imprimerie Nationale, 1934). See also the British White Papers *Cmd. 4498, 4512 and 4559 (Miscellaneous Nos. 2, 3, and 5, 1934)* and League of Nations: *Documents concerning the Date of the Resumption of the Work of the [Disarmament] Conference and the Correspondence between the President of the Conference and the Governments of the United Kingdom, France and Italy (Conf. D. 166), and Supplement (Conf. D. 166 (a))*. The more important documents will also be found in *Documents on International Affairs, 1933*.

¹ German *aide-mémoire* of the 18th December, 1933 (French text in the French Blue Book, pp. 15-18; English text in League of Nations Document *Conf. D. 166*, pp. 18-20, and in *Documents on International Affairs, 1933*, pp. 328-32).

² *Loc. cit.*

not ask for 'offensive' armaments for their new army, but claimed that their 'defensive' arms 'should correspond to the normal proportion of such arms in a modern defensive army'. These defensive weapons would include guns up to 155 mm. in calibre, with anti-aircraft guns, tanks up to 6 tons, and scouting and fighting aeroplanes. The length of time which would be required for the transformation of the Reichswehr into a short-service army and for its equipment would depend largely on financial considerations. In addition to the short-service army, it was apparently the intention of the German Government to maintain intact the S.A. and the S.S., which, in the French view, fell into the category of 'para-military' organizations. The German Government denied that the S.A. and the S.S., which were admitted to contain some 2,500,000 members of all ages, were of a military nature. Their sole object, it was declared, was 'to organize the political masses of our people so as to make the return of the Communist peril impossible for evermore'.

On the question of supervision, the German Government declared explicitly that they would 'agree to a system of general and uniform international supervision, operating periodically and automatically', but they still rejected the idea of a 'trial period' during which the efficacy of this system might be tested. The question 'when this supervision would begin to operate' could not, in their view, be answered until agreement had been reached 'on the fundamental questions'. They were also not prepared to agree that the system of supervision should be applied to the S.A. and the S.S. in the same way as to the regular army, but they offered, 'on the application of the supervision . . . to produce evidence of the literal truth' of their assertions regarding the nature of the S.A. and the S.S. They also offered 'to consider the establishment of common rules for political associations and organizations for preparatory and advanced military training in the various countries'.

A request from the French Government for further details regarding the pacts of non-aggression, the conclusion of which formed part of the German plan,¹ and, in particular, regarding the relation of a Franco-German pact of this kind to the Locarno Pact, received the following reply:

The content of the pacts of non-aggression which the German Government is prepared to sign with all its neighbours may be judged from the

¹ The manifesto to the German nation issued by the Government on the 14th October, 1933, had declared that they were ready 'at any time, by the conclusion of Continental pacts of non-aggression, to guarantee the peace of Europe for the longest period'.

practice of the post-war period. Whether, and to what extent, so far as the Franco-German relations are concerned, the Rhineland Pact of Locarno concluded in 1925 gives rise to any particular considerations, is a legal and technical problem which can be reserved for separate negotiation later. The German Government is prepared at any time to settle amicably, by whatever procedures may seem most appropriate, any disputes that may arise between France and Germany.

In this preliminary exchange of views, which was completed by the presentation of a German *aide-mémoire* on the 18th December, 1933, the French Government were concerned to ascertain whether there was any prospect that Germany would yield ground, and they did not show any inclination to make concessions of their own in order to meet Germany half-way. It was clear, indeed, that French public opinion as a whole was strongly opposed to any idea of 'legalizing' German rearmament and was alarmed at the news that Germany was still asking, in effect, that France should recognize her right to rearm at once. It was probable, therefore, that the French Government could count on a large measure of support at home if they decided to break off the conversations with Germany and revert to the position that the Disarmament Conference ought to continue its work and present Germany with the *fait accompli* of a general convention. Great Britain, however, used her influence to prevent the premature suspension of the negotiations. There was great diplomatic activity, especially in London, in the middle of December, and on the 22nd December Sir John Simon discussed the situation with the French Foreign Minister, Monsieur Paul-Boncour, in Paris. The attempts which were made through diplomatic channels to induce Germany to abate her demands were not notably successful, but the French Government allowed themselves to be persuaded both to continue the conversations and to make the offer of substantial concessions in the matter of reducing French armaments. The reply to the German communication of the 18th December, 1933, which was presented in Berlin on the 1st January, 1934, proved to be conciliatory in tone and in substance.

The French Government's *aide-mémoire*¹ of the 1st January, 1934, began by expressing gratification at Germany's offer of non-aggression pacts (with the reservation that such pacts must not diminish the guarantees of security provided by agreements already in force) and at her acceptance in principle of automatic and periodical supervision; but it went on to criticize the German plan as a whole, on the ground that it would lead to substantial rearmament

¹ French Blue Book, pp. 19-23; League of Nations Document *Conf. D. 166*, pp. 20-3; *Documents on International Affairs, 1933*, pp. 332-8.

instead of the reduction of armaments which the Disarmament Conference had been striving to achieve. The French Government took exception, in particular, to the proposed retention by Germany of 'para-military' organizations, of whose military character they remained convinced, in addition to a permanent force of 300,000 men,¹ and they also raised a point which had given rise to much discussion at the Disarmament Conference² when they declared that 'the equalization and standardization of the effectives assigned to each country' must be brought about before the question of the armaments with which those effectives were to be supplied could be settled. Moreover, they still insisted that it was essential for the system of supervision to be tested as a preliminary to any reduction of armaments.

The counter-proposals put forward by the French Government, therefore, advocated the conclusion of a 'two-period' convention. During the first period, while the system of supervision was being put into operation, France would reduce the effectives intended for the defence of her home territory, *pari passu* with the transformation of the German Reichswehr. She would also undertake to maintain her armaments at their existing level and to prohibit the manufacture 'of material of greater calibre or tonnage than those authorized for all states'. So far, the French proposals did not differ substantially from the plan which had taken shape during the discussions immediately preceding the withdrawal of Germany from the Disarmament Conference; but the suggestions which were now put forward regarding the reduction of armaments during the second period marked a real advance over earlier French offers. In regard to land material, the French Government declared that they were ready to accept the eventual reduction of the maximum calibre of mobile artillery to 15 centimetres (5.9 inches);³ while in regard to aircraft they offered a reduction of 50 per cent. of the material actually in service, provided that a similar reduction was 'accepted by the principal air forces and was accompanied by an effective supervision of civil aviation and air manufactures'. They appealed to the German

¹ They also noted that the German Government did not appear to contemplate the abolition of the police force, 'whose character as a military organization was recognized during the [Disarmament] Conference's earlier proceedings'. On the question of the German police force, see the *Survey for 1933*, pp. 240, 241, 249-50, 253, 263, 266, 269, 278.

² See *op. cit.*, pp. 234 *seqq.*, 262, 264, 272, 279, 300 *seqq.*

³ The maximum calibre for mobile artillery suggested in the British draft convention of March 1933 had been 4.5 inches, but there had also been a stipulation that states which possessed guns up to 6.1 inches in calibre should be allowed to retain them.

Government to co-operate in the study of a programme on these lines, and, while they gave an assurance that they were ready at any time to examine Franco-German problems 'in a spirit of mutual comprehension', they pointed out that such problems (since territorial issues had been declared non-existent by Herr Hitler himself) were in reality European problems which could only be dealt with at Geneva within the framework of the League of Nations.

In spite of Germany's apparently genuine wish to come to an understanding with France—fortified as it was by her anxiety to prove that the method of direct negotiation was more fruitful than the method of discussion at Geneva—it soon became clear that the French counter-proposals would not be accepted by the German Government as a basis for settlement. Germany's principal concern was still to secure equality of status; and in spite of the continuance of official protestations that equality in armaments would be accepted at any level, however low, many observers had formed the opinion that German rearmament was now looked upon as a more desirable goal than the reduction of French armaments. When the French counter-proposal was examined from this angle, its essential element was seen to be the retention of the probationary period and the withholding of permission to Germany to acquire additional armaments at once. This consideration quite outweighed in German minds the importance of the French Government's offer to cut down their air material by half; and that offer was criticized as not being sufficiently concrete to justify any corresponding concession on the German side. During the first fortnight of January the German Government asked for further information on certain points in the proposals, but this did not make the French plan any more acceptable to Germany.

The German Government's formal reply to the French *aide-mémoire* was presented on the 19th January, 1934.¹ 'The decisive question for Germany', the note explained, 'is still whether the discrimination she now suffers is to be further prolonged for a period of years'; and for this reason the German Government continued to think their own plan preferable to that now put forward by France. They declared that the figure of 300,000 for the new German army represented the minimum which Germany needed for her security; and they expressed the opinion that the 'para-military' organizations in Germany could not be compared, from the point of view of military value, with the trained reserves which existed in countries where universal military service had been in force since

¹ Text in French Blue Book, pp. 29-35; League of Nations Document *Conf. D. 166*, pp. 23-7; *Documents on International Affairs, 1933*, pp. 338-46.

1918. They noted, moreover, that the French Government's offer to reduce their effectives to the same level as those of Germany applied only to home forces, and they inquired whether France contemplated any reduction in forces stationed overseas. In regard to the French air proposals they asked whether the intention was that Germany should continue to have no military air force, and pointed out that, if such was the case,

the proposed reduction of the air forces of other countries would, in practice, make no change in the present situation of absolute inequality, or in Germany's complete lack of air defence.

They asked for further details of the French Government's intentions in regard to effectives and aircraft, and also for information on certain other points, such as the proposed maximum tonnage of tanks and the quantitative limitation of certain categories of arms.

This German note of the 19th January, 1934, made it clear that there was still small prospect of Franco-German agreement on certain essential points. In regard to effectives, France and Germany were still disputing as to the size of the German short-service army, the treatment of the German 'para-military' organizations and the inclusion of overseas forces in the total number of effectives for purposes of standardization. In regard to material their differences arose not so much over the quantity and quality of armaments which Germany might acquire or France might retain as over the question of time. Germany insisted that her rearmament with 'defensive' weapons must begin at once, whereas France wanted to postpone any substantial increase in German armaments until after the conclusion of a period of probation. This idea of a trial period was still rejected by Germany, though she was now prepared to accept a system of permanent and automatic supervision, provided that it was of general application.

The delivery of a French reply¹ to this German note of the 19th January was delayed until the 14th February, 1934, owing to the internal crisis in France,² but even before the fall of Monsieur Chautemps's Government, on the 27th January, the French attitude towards Germany had hardened considerably. It was clear that the proposals of the 1st January had represented the limit of French

¹ Text in French Blue Book, pp. 50-2; League of Nations Document *Conf. D. 166*, pp. 27-8; *Documents on International Affairs, 1933*, pp. 346-50. A German counter-reply was delivered on the 13th March, 1934 (text in French Blue Book, pp. 55-8; *Documents on International Affairs, 1933*, pp. 350-4). This was couched in conciliatory terms, but in substance it merely restated the German point of view.

² See the *Survey for 1934*, pp. 339, 387.

concessions, and that if Germany refused to negotiate on that basis no further advance could be expected from the French side.¹ When the reply to Germany was finally despatched by the new Foreign Minister, Monsieur Barthou, its stiffness of tone indicated that Monsieur Doumergue's Government did not intend to pursue a conciliatory policy in their dealings with Germany. The French note pointed out that the German Government had rejected the two essential points in the French programme, which were restated as follows:

The comparison of French and German effectives can be made only on the basis of comparable effectives—that is, those which are intended for the defence of home territory—and it is conceivable only if all forces which have any military character are included in whatever limitation is decreed. Equality in material—that is, the attribution to Germany of material which the other Powers will keep and which is denied to her—can come only after the transformation of the German army and the absorption of pre-military and para-military formations in the regular effectives which will be limited by the Convention.

In these circumstances the French Government could see no purpose in answering the detailed questions put by the German Government. They took occasion to point out that

public documents show that the German army as regards organization . . . effectives . . . and material already possesses resources incompatible with the provisions of the treaties, which must be taken as the basis of subsequent comparisons;

and they intimated plainly that, in their view, the attempt to solve the armaments problem by direct negotiation could not usefully be pursued any farther.

Meanwhile, the terms of the German *aide-mémoire* of the 19th January² had already convinced the 'honest broker' that the method of Franco-German conversations had exhausted its usefulness, and before the end of January 1934 the British Government had come forward with their own suggested solution. In exercising the rôle of mediator during the past weeks, the British Government had been made aware of a growing uneasiness in France in regard to the British attitude on the question of German rearmament. It had been

¹ A debate on foreign policy took place in the French Senate on the 13th, 16th and 18th January, and the general trend of the discussion was strongly critical of the French proposals of the 1st January. Many Senators declared that, in view of the alarming reports regarding German military preparedness, it would be the height of folly for France to deprive herself of any of the armaments which were already in her possession.

² On the same day the British Government had received the German reply to a memorandum setting out the British views on the German proposals.

a source of considerable satisfaction to France that the British Government had appeared to align themselves with the French Government in October 1933 in refusing to 'legalize' German rearmament. In his statement at Geneva on the 14th October the British Foreign Secretary had declared that

the Government of the United Kingdom takes the view that agreement could not be reached on the basis of a convention which would provide for any immediate rearmament.¹

This had seemed to French opinion conclusive proof that Great Britain had come to share the views of France on this matter; yet six weeks later British Ministers were making speeches which could only be interpreted to mean that the British Government had changed their mind and were now prepared to allow some degree of immediate rearmament to Germany.

The real facts are [said Sir John Simon on the 24th November, 1933, at the conclusion of his report to the House of Commons on recent developments] that the whole world . . . sees that the choice is going to be between regulated armament on the one hand and unregulated armament on the other. I say here . . . that the whole weight of any Government in this country and any House of Commons, the whole of British public opinion, will be thrown unreservedly into the scale on the side of securing regulated as opposed to unregulated armament.

The same theme was dealt with by Mr. Baldwin when he wound up the debate on the address in the House of Commons three days later.

I think it is well that we should look at facts [said Mr. Baldwin] and that we should realize that there are three possible ends to the discussions that have been taking place. You may have a disarmament of all countries to the level of existing German armaments; you may have a limitation of armaments at a point which excludes all large offensive weapons. . . . In that event you would have the heavily armed nations disarming to a point. You would have Germany in time rearming to that point. The third alternative is competition in armaments. Those are three possibilities. What I say is that in no circumstances must that third alternative be reached.

The conclusions which the British Government drew from the facts of the situation at the end of November 1933 were not invalidated by the outcome of the Franco-German conversations during the next six weeks. In January 1934, when H.M. Government decided that the time had come for a fresh definition of the British attitude

¹ *Survey for 1933*, p. 304. Cf. Sir John Simon's broadcast speech of the 17th October, in which he remarked again: 'Now, a disarmament convention cannot begin with rearmament.' (*Op. cit.*, pp. 308-9 n.)

and a fresh attempt to find a solution by compromise, they were convinced that German rearmament was inevitable, and that the only choice lay between regulated rearmament and the clandestine acquisition of prohibited weapons. They were still reluctant, however, to accept the German thesis that a limitation of armaments at the level of the highly armed powers was the best that could be expected. In the British view, it was still permissible to hope for some reduction of armaments, which would enable equality to be brought about on a lower level.

Before the British Government launched their new proposals, they exchanged views on the situation with the Italian Government. A visit by Sir John Simon to Rome on the 3rd and 4th January gave an opportunity for a thorough examination of all the questions at issue,¹ and the Italian Government's views were placed before the British Foreign Secretary in the form of a memorandum.

The Italian Government agreed with the British Government on the desirability of 'legalizing' German rearmament. They recognized that Germany had a 'moral and juridical' claim to rearmament; they believed that she was too busy with internal readjustment to indulge in warlike adventures; and they held that if a convention for the limitation of armaments was freely accepted by the German Government, other Powers need have no fear that its terms would not be observed. The Italian Government disagreed with the British Government on the question of reducing the armaments of the highly armed Powers. They considered that such reduction was desirable but incapable of realization in existing circumstances. In effect, therefore, their view was that the German proposals ought to be taken as a basis of settlement. They recommended the acceptance of the German demand for an army of 300,000 men, on the hypothesis that the effectives of other Powers would be kept at their existing level; and they passed over in silence the question of 'para-military' organizations and overseas forces. They advocated the immediate conclusion of a convention for the limitation of armaments, without waiting for a solution of the complicated problems connected with the standardization of effectives. This convention should, they

¹ Italian dissatisfaction with the League of Nations and the possibility of reforming that institution were also discussed by Signor Mussolini and Sir John Simon, and the two statesmen were reported to have agreed that the question of armaments must be given priority and that the question of reforming the League was of secondary importance. (For the Fascist Grand Council's resolution of the 6th December, 1933, demanding a radical reform of the League as a condition of continued Italian collaboration, see the *Survey for 1933*, p. 223.)

thought, remain in force until the end of 1940, and should provide for the abolition of chemical warfare and the prohibition of bombardment from the air. It should also provide for the limitation of the military expenditure as well as of the land war material of the Powers not bound by the Peace Treaties. The Italian Government pointed out that

to the concessions which an agreement on these lines would entail, France would find an immediate and effective counterpart in the maintenance intact of the whole of her armaments, [which would,] from the technical military point of view . . . suffice to guarantee her an undoubted security for the whole duration of the convention.

They also suggested that

a final and fundamental counterpart to the acceptance of Germany's demands . . . might be an undertaking on the part of Germany to return to Geneva.

This Italian memorandum was not published¹ until the 31st January, 1934, and two days earlier the British Government had despatched a memorandum of their own to all the Governments represented at the Disarmament Conference. Thus by the end of January there were in circulation four plans for dealing with the problem of armaments: the French plan of the 1st January, 1934, under which effectives would be standardized and the efficacy of supervision tested during a probationary period, after which there would be a certain decrease in the armaments of the highly armed Powers and a certain increase in German armaments; the German plan which had been put forward in December 1933, and which contemplated standardization of the armaments of the highly armed Powers at the existing level and immediate German rearmament in 'defensive' weapons; an Italian plan which closely resembled the German plan in its main lines; and a new British plan, which was designed to serve as the basis for a compromise between the French and German points of view.

In their memorandum² of the 29th January, 1934, the British Government restated their conviction 'that an international agreement based on the admitted principle of equality of rights in a

¹ An English translation of the text will be found in the British White Paper *Cmd.* 4512 of 1934, pp. 15-20; in the League of Nations Document *Conf. D. 166*, pp. 3-6; and in *Documents on International Affairs, 1933*, pp. 354-60. The text as published differed slightly from that shown to Sir John Simon on the 4th January, but the substance was the same.

² Published as the British White Paper *Cmd.* 4498 (*Miscellaneous No. 2*) of 1934. It will also be found in League of Nations Document *Conf. D. 166*, pp. 6-12; and in *Documents on International Affairs, 1933*, pp. 360-72.

régime of security necessarily' involved that 'the situation must be reached in which arms of a kind permitted to one state cannot continue to be denied to another'; but they urged strongly that the attempt 'to reach agreement in a convention which' would 'involve the abandonment of certain classes of weapons by the most heavily armed Powers' ought not to be given up in favour of mere standardization at the existing level. They declared that they were still faithful to the 'principles and purposes' of the draft convention which Mr. MacDonald had laid before the Disarmament Conference in March 1933, but that they recognized, 'in the light of actual circumstances and of the claims and proposals put forward from various quarters', that the draft convention needed modification and expansion if it was to secure general agreement.

As a contribution to the establishment of greater security H.M. Government proposed to extend the principle of consultation. The draft convention,¹ as amended by the Disarmament Conference, had provided for consultation in the event of a breach or threat of breach of the Pact of Paris. The suggestion now was that the signatories of the Disarmament Convention should also agree to consult together in the event of a breach or threatened breach of the convention itself. Moreover, the British Government proposed the addition of an article declaring it to be

the object of such consultation to exchange views as to the steps to be taken for the purpose of restoring the situation and of maintaining in operation the provisions of the . . . Convention.

The memorandum also referred to the German offer to conclude pacts of non-aggression, and expressed the opinion that such pacts would be of 'practical value for the purpose of creating a sense of security'.

The revised British proposals in regard to effectives and armaments were put forward on the assumption that the period of validity of the Disarmament Convention would be ten years. H.M. Government noted that one of the outstanding points of difference which had emerged from the recent exchanges of views had arisen out of the German demand for a short-service army of 300,000 men. They thought that it should still be possible to agree on a compromise between that figure and the figure of 200,000 which they believed to be preferred by the majority of the European Continental states, and they pointed out that the essential element was not the actual figure but the principle of parity between the home forces of France, Germany, Italy and Poland. Thus they accepted the French view that

¹ See the *Survey for 1933*, p. 253. For the amended version of Part I which had been adopted on the 24th May, 1933, see *op. cit.*, pp. 280-1.

overseas forces should not be included in the effectives which were to be standardized at a given level, and they did not recommend any reduction in French overseas forces beyond that for which provision had been made in the draft convention of March 1933.¹ In regard to 'para-military' associations, on the other hand, they appeared to be prepared to accept as a satisfactory solution the German offer to provide proof that the S.A. and S.S. had no military character, but they repeated the suggestion that 'para-military training' should be prohibited and that the prohibition should be checked by a system of permanent and automatic supervision.

In regard to land armaments H.M. Government were willing to agree to the acquisition by Germany, and by the other 'ex-enemy' states, of tanks up to 6 tons. They maintained the proposal which had been made in the draft convention that the maximum limit for the weight of tanks should be fixed at 16 tons, and suggested a process, to be completed in five years, of gradual destruction of larger tanks. The draft convention had proposed that the maximum calibre of mobile land guns should be 115 mm., but the British Government, in order to promote agreement, were willing to accept the German demand for guns up to 155 mm. As in the case of tanks, they suggested the gradual abolition of the guns of larger calibre in the possession of the states which were not subject to treaty restrictions. The construction or acquisition of the larger types of tanks and guns which were to be destroyed during the life of the convention would, of course, be prohibited.

In regard to air armaments, the British Government recognized that

Germany and other states not at present entitled to military aircraft could not be asked to postpone for long their claim.

The draft convention of March 1933 had provided for the maintenance of the *status quo* in regard to military aircraft, but had required the Permanent Disarmament Commission to devote itself immediately

to the working out of the best possible schemes providing for the complete abolition of military and naval aircraft, which must be dependent on the effective supervision of civil aviation to prevent its misuse for military purposes.

This proposal was now modified in order to permit all countries to possess military aircraft in two years' time if the Permanent Disarmament Commission had not, by then, decided on its abolition. During the following eight years Germany would gradually attain

¹ See the *Survey for 1933*, pp. 253-4.

to parity with the other Powers, but the British Government hoped that reductions by the heavily armed Powers would make it possible for parity to be effected at a relatively low level.

In regard to supervision, the British Government, recognizing the great importance attached to that question by some countries, as well as the technical difficulties of setting up a satisfactory system, affirmed

their willingness, if general agreement is reached on all other issues, to agree to the application of a system of permanent and automatic supervision, to come into force with the obligations of the Convention.

In the final paragraph of the memorandum H.M. Government explained that their object in presenting these proposals for consideration was

not to describe the terms of an agreement which they themselves would most desire . . . but to propound a basis of compromise on which it would appear, in present circumstances, that general agreement could and should now be reached ;

and they concluded by expressing the opinion that

the return of Germany to Geneva and to the League of Nations ...ought to be an essential condition of agreement.

On the 6th February, 1934, the British Foreign Secretary described in the House of Commons at Westminster the circumstances in which the British Government had decided to put forward their revised proposals, and announced that the Lord Privy Seal, Mr. Anthony Eden, would visit Paris, Rome and Berlin as soon as possible, in order to explain the British proposals in greater detail and to learn by direct contact the attitude of other Governments to those proposals.

Mr. Eden duly visited Paris, Berlin, Rome and Paris again between the 16th February and the 1st March. The trend of the discussions in the three capitals showed that it was the attitude of France which would decide the success or failure of this latest phase of the negotiations. Mr. Eden found that the German Government were ready to take the memorandum of the 29th January as the basis for fresh negotiations. In its general lines the British plan was welcomed by Germany as an attempt to meet the German point of view and to satisfy Germany's essential demands, and the only sections of the proposals which were unacceptable were those relating to air armaments and to the return of Germany to the League. The German Government declared¹ that they could not wait two years for means

¹ The German Government did not put their views on the British memorandum in writing until the 16th April, 1934 (text of their statement in the British

of aerial defence. They asked for the immediate possession of short-range aeroplanes (not including bombers) equal in numerical strength to 30 per cent. of the combined air forces of Germany's neighbours or 50 per cent. of the military aircraft possessed by France, whichever was the less. They would be content with this Air Force during the first five years of the duration of a convention, but they claimed that during the next five years the necessary reductions or increases should be made in order to bring Germany's air strength to full equality with the principal air Powers at the end of the ten-year period. If these demands were granted they would be prepared in return to make concessions regarding the 'para-military' associations. They would make new regulations, the observance of which might be verified by a system of supervision, which would ensure that the S.A. and S.S. neither possessed arms nor received instruction in their use, that they were not concentrated or trained in military camps and were not commanded or instructed by officers of the regular army, and that they did not take part in field exercises. Moreover, if German rearmament was legalized from the coming into force of the convention, they would agree to the postponement of the reduction of armaments contemplated in the British plan until the second half of the period of duration of the convention. They considered that the suggestion for Germany's return to the League of Nations, as a condition of the agreement, could only be dealt with after a solution had been reached of the question of disarmament and of Germany's equality of rights.

When Mr. Eden went on from Berlin to Rome he found that the Italian Government considered that Herr Hitler's latest proposals and concessions might well furnish a basis for agreement. Failing that, they believed that a convention on the lines of the Italian plan would be a good deal better than no convention at all. They would themselves be prepared to accept the British plan if it won general acceptance, but they saw little prospect of such a result, because they were very doubtful as to the possibilities of inducing the armed Powers to disarm under existing conditions.

When Mr. Eden had visited Paris on his outward journey Monsieur Doumergue's Government had only been in office for a week, but the main lines of their policy on armaments had already been laid down in two notes. The second of these notes—that despatched White Paper *Cmd. 4559 (Miscellaneous No. 5)* of 1934 and in *Documents on International Affairs, 1933*, p. 384), but their reservation regarding aircraft and their new proposals regarding 'para-military' associations were discussed with Mr. Eden in February and communicated by him to the Italian and French Governments.

to Germany on the 14th February—has been referred to above.¹ The other was a note² signed by Monsieur Barthou on the 10th February, the day after he took office as Foreign Minister, and sent to Mr. Henderson, the President of the Disarmament Conference. In this communication the new French Government declared that they remained faithful to the principle that there ought to be a reduction of armaments, by stages, to a level which would permit of the realization of equality in a régime of security for all nations. They could not, however, accept an immediate reduction of French armaments which was accompanied by an immediate increase of German armaments. The note also restated the French point of view in regard to the German 'para-military' associations, and laid particular stress on the importance of the question of 'guarantees of execution' of the disarmament convention.

The 'guarantees of execution' which would be acceptable to France had already been indicated in a note³ which had been handed to Mr. Arthur Henderson by Monsieur Paul-Boncour on the 5th December, 1933, and the Doumergue Government made it clear that their conception of the problem did not differ from that of their predecessors. The note had suggested that a state proved guilty of violating the Disarmament Convention should in the first place lose its rights under the convention, and also, if the violation was sufficiently serious, its rights under the Pact of Paris; and that, if the violation continued, the other states signatories of the convention should be obliged to exercise successive measures of pressure. The first measures to be applied should be economic and financial, but in case of need the Permanent Disarmament Commission might go on to recommend the rupture of diplomatic relations with the guilty state and arrangements for assistance to states whose security was threatened as a result of the breach of the provisions of the convention. The French note further suggested that if war should break out in consequence of the violation of the convention, the state guilty of such violation should be presumed to be the aggressor.

The notes of the 10th and 14th February were in themselves a sufficient indication that the British proposals of the 29th January were not regarded with approval by the Doumergue Government, and the comments of the French press on the proposals were also unfavourable. The British plan was criticized for its abandonment of

¹ See pp. 11-12.

² Text in the French Blue Book, pp. 48-9. The note was in answer to a request from Mr. Henderson for information regarding the progress of the negotiations which had been going on since the end of November 1933.

³ Text in French Blue Book, pp. 11-12.

the idea of a trial period; for its acceptance of the German standpoint regarding 'para-military' organizations; and for its omission of any provision for ascertaining the existing position of German armaments. Above all, it was criticized because its provisions for increasing security were considered to fall far short of French needs. The British Government's conditional acceptance of a system of supervision failed to win approval because the nature of the system which might be applied was not defined; while the provisions for consultation, which represented the British contribution to the problem of guaranteeing the execution of the convention, were regarded as a most inadequate substitute for the system envisaged in the French note of the 5th December, 1933.

During Mr. Eden's first visit to Paris, in the middle of February, the French Government adopted an attitude of reserve in regard to the British plan, and on his return a fortnight later, when he was able to report on the modifications which had been suggested by Herr Hitler, MM. Doumergue and Barthou merely promised to let the British Government have their views on the British memorandum in writing after they had given the whole problem further consideration in the light of the information which Mr. Eden had given them as to the views of Germany and Italy. On the 2nd March, however, the day after Mr. Eden returned to London from Paris, Monsieur Barthou referred to the British memorandum in terms which appeared to prove that the German concessions regarding 'para-military' associations had not made the principle underlying the British plan any more acceptable to France. The British plan, Monsieur Barthou told the Foreign Affairs Committee of the Chamber, would disarm France while Germany rearmed. It would give Germany the superiority over France in guns and in tanks, and it provided no additional guarantee of security other than an ineffective system of consultation.

By this time, when the Doumergue Government had been in office for nearly a month, there were signs that the Cabinet as a whole took a realistic view of the armaments situation, and that some of the Ministers, at any rate, were prepared to consider the legalization of German rearmament subject to the retention of French armaments at their existing level and to the institution of satisfactory guarantees which would ensure that rearmament did not progress beyond certain definite limits.¹ On the other hand, it was believed that some members

¹ This point of view was believed to be that of the French General Staff, and to be based on the consideration that the defences of France, which were barely sufficient to ward off a sudden blow and allow time for the mobilization

of the Cabinet would prefer to abandon the efforts to reduce or limit armaments by agreement and to fall back upon the alternative of attempting to restrain German rearmament by asking the League of Nations to undertake an investigation into the existing state of German armaments.

The French Ministers who took this view were considerably disturbed by a speech which was delivered on the 6th March by Monsieur de Broqueville, the Prime Minister of Belgium, a state whose co-operation with France had been taken for granted by the school of thought which advocated a 'strong' policy towards Germany. Monsieur de Broqueville pointed out that there were two possible ways of dealing with German infringements of the disarmament chapter of the Versailles Treaty. The first method—that of an investigation by the League—he rejected on the ground that Great Britain and Italy would not agree to it; the second method—a preventive war—seemed to him a worse evil than German rearmament. He concluded, therefore, that the only possible course was to continue the negotiations and endeavour to agree upon a convention which would at least prevent a race in armaments.¹

When the French Government had to decide, during the first half of March, on the line which they should follow in regard to the British proposals, it was the more moderate members of the Cabinet who carried the day, and the memorandum setting out French views on the British plan was drafted in such a way as to leave the door open for further negotiations, with the object of ascertaining if the British Government could be induced to improve upon their offer of consultation as a 'guarantee of execution' of the Disarmament Convention. In their memorandum of the 29th January the British Government did appear to contemplate that consultation would be followed by action of some kind, since they spoke of exchanging views 'as to the steps to be taken for the purpose of restoring the situation and of maintaining in operation the provisions of the convention'. French opinion had learnt by experience how fundamental was the British objection to giving any undertaking which would commit a British Government in advance to a definite course of action; but the French

of the national resources, could not be reduced in any case without imperilling French security.

¹ The Belgian attitude was discussed at an interview between Monsieur Barthou and the Belgian Ambassador on the 11th March, and at the end of March Monsieur Barthou travelled to Brussels for a meeting with the Belgian Foreign Minister, Monsieur Hymans. The conversations in Brussels were said to have re-established the community of views between the French and Belgian Governments.

mind, with its liking for the definite and the concrete, was still inclined to dismiss as of no practical value the kind of 'gentleman's agreement' for which Great Britain had so marked a preference. The French Government's memorandum therefore conveyed a strong hint that the time had come when the British Government must make up their minds as to the exact nature of the steps which they were prepared to take in order to restore the situation in the event of a breach of the Disarmament Convention.

The memorandum¹ which the French Ambassador in London presented at the Foreign Office on the 19th March, 1934, made it clear that the principle of simultaneous reduction of French armaments and increase of German armaments, on which the British plan of the 29th January was based, would not be accepted by France.

However great may be the desire of France to sign an equitable convention [declared Monsieur Barthou], she can neither understand nor admit that exaggerated pretensions to rearmament put forward on one side should constitute an argument for asking other Powers to agree to reductions of armaments which do harm to the interests of their own security. . . . The French Government could accept no proposal which would render more serious the disarmament of France, while granting, on the other hand, to Germany an immediate legalization, which could only be limited with difficulty, of a rearmament already realized in violation of the treaties.

The French memorandum did not comment in detail on the British proposals, but it made

the most explicit reserves regarding the immediate claim put forward by the German Government for 300,000 men for its regular army (together with corresponding material) without previous examination of the existing state of this army.

Monsieur Barthou expressed appreciation of the British efforts which had led to the latest German proposal regarding the 'para-military' associations, but he declared that it would be

no less necessary to settle the important points concerning pre-military formations, methods of supervision, transitory measures, limitation of expenditure, and, more particularly, the manufacture of war material.

These questions, however, were

all completely dominated by the essential problem of guarantees of execution.

The French Government,

careful alike of European solidarity and of its own defence [had examined] the proposals for consultation formulated in the British memorandum, [which constituted] a step forward which it would be unjust to neglect.

¹ Text in the French Blue Book, pp. 59-62, English translation in *Documents on International Affairs, 1933*, pp. 375-80.

But, they asked,

is an engagement to consult in the case of a violation of the convention sufficient to ensure the rectification of an established failure to observe the convention?

The French Government did not think so. In their view something more was needed. Infractions of the convention must be rectified without delay . . . by all methods of pressure which would be recognized as necessary.

Moreover, if 'established violations' endangered

the security of another state, common action by the Powers should be used for the benefit of the threatened state to re-establish the disturbed equilibrium.

Monsieur Barthou went on to pay a tribute to the Locarno Treaty, and to declare that France preserved her confidence in the guarantees which it provided; but he explained that the proposed convention was of so wide an international character that the French Government [could] not dissociate itself from the difficulties of other Powers which also [had] legitimate preoccupations in regard to security.

Before this French memorandum was presented, the question whether Great Britain could and should offer to make a further contribution towards European security had been receiving a good deal of attention in London. On the 14th March, 1934, a debate on foreign affairs took place in the House of Commons at Westminster, and, in winding up the debate for the Government, Sir John Simon commented on the frequent references to the question of security which had been made by speakers from all parts of the House.

I do not doubt [he said] that the mind of the country is being very seriously preoccupied and concerned with this question. . . . I think the time may come when the whole House will have to consider this in much greater detail. The question may arise as to whether it makes or does not make a difference to getting an agreement.

This question became 'actual' for the British Government five days later, when they received the French memorandum, and during the next few weeks the whole problem was re-examined with the object of ascertaining if it was possible to devise 'guarantees of execution' of the Disarmament Convention which would be accepted by the British public as a reasonable commitment and would at the same time satisfy France. The British Government, however, still regarded it as a fundamental condition of their participation in a Disarmament Convention that there must be a substantial reduction of armaments, and they were therefore anxious to find out whether any con-

cessions which they might be able to make in the field of security would be sufficient to induce the French Government to accept an arrangement on the lines of the British plan of the 29th January, 1934. After a preliminary exchange of views through diplomatic channels the British Government formulated the following two questions, which were put to the French Government in a note¹ from Sir John Simon to the French Ambassador in London on the 10th April:

(1) Supposing it were found possible for agreement to be reached on 'guarantees of execution' of the proposed Arms Convention, whether the French Government would be prepared to accept as the basis of such convention the United Kingdom memorandum of the 29th January as modified in accordance with the proposals which were made by Chancellor Hitler to Mr. Eden and which were communicated by the latter to the French Government on the 1st March. . . .

(2) If the answer to the first question is in the affirmative, what is the exact nature of the 'guarantees of execution' which the French Government propose?

Up to this point in the Franco-British conversations the attitude of the French Government had not been encouraging, but it had not been such as to cause the British Government to abandon all hope that an understanding on guarantees might be reached which would pave the way for a settlement with Germany. The German Government, however, had already shown that their patience was by no means inexhaustible, and there was obviously a danger that the conciliatory mood in which Herr Hitler had made his proposals to Mr. Eden in February might not stand the strain of protracted negotiations on a question which might be regarded in itself as a reflection upon Germany's good faith. The British Government had already drawn the French Government's attention to the need for haste, and when Sir John Simon presented his note to the French Ambassador on the 10th April he received an assurance that a reply might be expected in a few days' time. In fact, however, if there had ever been a moment since the advent of the Doumergue Government at which an armaments settlement came within the bounds of possibility, that moment had already passed. While the diplomatic exchanges had been going on between Paris and London, the German Government had been engaged in preparing their budget estimates for the forthcoming financial year, and the publication of those estimates on the

¹ Text in the British White Paper *Omd.* 4559 of 1934, p. 19; in the French Blue Book, p. 65; and in *Documents on International Affairs, 1933*, p. 380. An earlier British *note verbale* of the 28th March had elicited an inconclusive reply from the French Government on the 6th April (text of the French *aide-mémoire* in the French Blue Book, pp. 63-4).

28th March had produced a reaction in France which destroyed the last chance that the Doumergue Government would accept any settlement which legalized German rearmament. The German budget estimates provided for a total expenditure of over Rm. 1,000,000,000 on defence, and this represented an increase of more than Rm. 350,000,000 compared with the corresponding expenditure in the preceding year.

The French Government were not alone in considering these estimates as proof that Germany was engaged in rearming herself and intended to continue the process with or without the consent of the other Powers. The announcement of the German naval, military, and air estimates caused great concern in London, and the British Government asked the German Government for an explanation of the large increase in the sums allocated for purposes of defence. The reply to this inquiry was given on the 11th April in the form of a short and somewhat curtly worded note.¹ The increase of Rm. 172,000,000 in the army estimates compared with the budget for the previous year was declared to be

necessary for the preparation, due to take place in the course of the budget year 1934-5, for the conversion of the Reichswehr into a short-service army.

The increase of Rm. 50,000,000 in the naval budget was said to be

due to the increasing cost of the systematic renovation of the long since obsolete units of the German fleet, the replacement of which, partly on the ground of the security of the crews, [could] no longer be postponed.

In regard to the air estimates, the German Government explained that the sums budgeted for would not be expended on armaments but on air transport and on protection from air attack. An increase of Rm. 83,000,000 in the estimates for air transport was accounted for by the replacement of obsolete aeroplanes belonging to the Lufthansa (a private company in receipt of Government subsidies) and by the development of long-distance air services and of night flying. The sum of Rm. 50,000,000 allocated to the protection of the civil population against air attacks was virtually a new item in the budget, since in the preceding year the 'organization of air protection' had been 'only in its first stage' and the estimates for 1933-4 had only allowed for an expenditure of Rm. 1,300,000 for that purpose.

This German note did nothing to allay the apprehensions which had been aroused in other countries by the news of the increase in

¹ The text was printed in the official report of Parliamentary Debates (House of Commons) for the 16th April, 1934.

the estimates, and its tone only acted as a further irritant to French opinion. A storm of indignation swept over France, and the more reactionary elements in the French Cabinet were able to carry the day. When a French memorandum was presented to the British representative in Paris on the 17th April it proved to be, not the expected reply to the British inquiry regarding 'guarantees of execution', but an abrupt notification that the negotiations were at an end.

In this memorandum¹ the French Government expressed the opinion that the explanations of the increase in the German estimates which the British Government had received in reply to their representations in Berlin were 'less a justification than a confirmation'; and they proceeded to set out their own interpretation of the estimates.

In reality the German Government, without awaiting the results of the negotiations which were in progress, has wished to impose its determination to continue every form of rearmament, within limits of which it claims to be sole judge, in contempt of the provisions of the Treaty, which, in the absence of any other convention, continue to govern the level of its armaments. The German Government intends to increase immediately on a formidable scale not only the strength of its army, but also [that] of its navy and of its aviation. So far as this last is concerned, it is all the less permissible for the neighbours of Germany to disregard the menace that hangs over them, in that numerous aerodromes have recently been organized in the demilitarized zone, also in violation of the Treaty. Side by side with this, the German Government shows less anxiety to suppress the para-military organizations or to convert them to civil purposes than to perfect them as an instrument well suited for war. To prove this, it is only necessary to read other budgets than that of national defence.

Whatever explanation may be advanced after the event, facts of such exceptional gravity can lead to only one observation and conclusion. They prove that the German Government, whether of set purpose or not, has made impossible the negotiations, the basis of which it has by its own act destroyed.

The French Government noted, moreover, that on the question of Germany's return to Geneva Mr. Eden had not been able 'to bring from Berlin any favourable solution', and they pointed out that 'the silence observed in this respect in the course of the most recent communications' did 'not permit of better hopes'. The French Government, for their part, could not

abandon . . . this essential and necessary condition . . . at the very moment when German rearmament [was] being claimed, prepared and developed, without any account being taken of the negotiations entered upon in accordance with the wishes of Germany herself.

¹ Text in the French Blue Book, pp. 72-3; in the British White Paper *Cmd.* 4559 of 1934; and in *Documents on International Affairs, 1933*, pp. 381-3.

In conclusion, the French Government declared that it would now be

the duty of the Disarmament Conference to resume its work. That work should not be abandoned, but taken up at the point at which the Conference left it when it invited Governments to proceed to an exchange of views outside the Conference, which have not produced a result.¹

With the delivery of this French note on the 17th April the 'parallel and supplementary' negotiations which had been recommended by the Bureau of the Disarmament Conference on the 22nd November, 1933, came to an end, and the Disarmament Conference was called upon to resume its study of the problem which it had handed over to the diplomatists some five months earlier, and which the diplomatists, in their turn, had failed to solve. The crux of the problem, which had hardly changed in its essential elements since the days when the Preparatory Commission for the Disarmament Conference had begun to get to grips with its task,² could still be defined as the difficulty of building a bridge across the gulf which separated the standpoint of France from that of Germany.

The fact that this difficulty remained apparently insoluble did not mean that there had been no change in the respective positions of the protagonists during the last few months. The German Government, in fact, had advanced to a position which was widely considered to offer a basis for a reasonable settlement. The legalization of a moderate degree of German rearmament had come to seem a not excessive price to pay for an agreement which might be expected at least to prevent the worst evils of a race in armaments; and world opinion as a whole was inclined to think that it would have been to the interest of France to accept the proposal which Herr Hitler had made to Mr. Eden in February 1934—a proposal which, taken at its face value, would have given France a considerable margin of superiority over Germany for as long as was necessary to test the efficacy of an international system of supervision. French opinion on this question, however, was governed by

¹ In their note of the 19th March, 1934 (see above, p. 23), the French Government had already made the point that the legalization of German rearmament and the simultaneous reduction of French armaments, which were recommended in the British memorandum, were incompatible with the principles of the Covenant, on which the Disarmament Conference had based its work hitherto, and had suggested that 'only the General Commission, with the participation of all the states concerned, would be competent to decide whether those principles . . . are now to be abandoned'.

² See the *Survey for 1927*, Part I, section (ii); the *Survey for 1928*, Part I A, section (ii); the *Survey for 1929*, Part I A, section (ii); the *Survey for 1930*, Part I, section (iv).

a deeply rooted suspicion of Germany's good faith, and the publication of the German estimates within a few weeks of the formulation of the new German offer confirmed the French belief that German rearmament was already well advanced, and strengthened the conviction that France would increase the dangers of her own position if she legalized Germany's acquisition of arms forbidden to her by the Peace Treaty. The uncontrolled rearmament of Germany was regarded as the lesser evil because France could always, in the last resort, make use of the right to ask the League Council to undertake an investigation into German armaments which she would retain as long as the disarmament chapter of the Peace Treaty was not superseded by an international convention on armaments.¹ Thus, while Germany had moved forward from the position which she had occupied at the time of her withdrawal from the Disarmament Conference, France, under the Doumergue Government, moved backwards to take up a position in which she appeared to exclude the possibility of a settlement by agreement with Germany and to rely upon the Poincaréan policy of alliances backed up by military force.²

In the face of this uncompromising attitude, Great Britain and Italy acquiesced in the French decision to refer the armaments problem back to the Disarmament Conference, although it was clear that if the General Commission of the Conference was merely to resume its work at the point which had been reached at its last meeting in October 1933, the Conference would be within measurable distance of an admission of its inability to carry out the task which it had undertaken. If a confession of failure was to be avoided, it seemed necessary that the General Commission should be offered some new basis of discussion, but during the six weeks which elapsed between the delivery of the French note of the 17th April, 1934, and the resumption of the meetings of the General Commission on the 29th May, it became clear that none of the four Powers which had taken part in the 'parallel and supplementary' negotiations had any new contribution to make.

The French Government showed no disposition to modify the negative attitude which they had adopted in their note of the 17th April, or to produce any constructive suggestions in order to avert the break-down of the Disarmament Conference. Monsieur Barthou told the Foreign Affairs Committee of the Chamber on the 9th May

¹ French opinion was also probably influenced by the speculation that the state of Germany's finances might make it impossible for her to carry out her plans for rearmament, and might even lead to the downfall of the Nazi régime.

² See the *Survey for 1934*, pp. 339 *seqq.*; and the present volume, pp. 59 *seqq.*

that the Government stood by the note of the 17th April and were determined not to agree to the legalization of German rearmament in violation of the Peace Treaty. Monsieur Barthou defended this attitude again during a debate on foreign affairs in the Chamber on the 25th May; and, while he declared that his policy towards Germany was identical with that which had been followed by his predecessors in the office of Foreign Minister, his speech made it clear that the main object of his policy was in fact the erection of an anti-German front. Monsieur Barthou discussed the prospects of the Disarmament Conference with Mr. Arthur Henderson in Paris on the 9th-10th May, and with the Italian and British representatives on the League Council in Geneva during the following week, but he seems to have held out no hope that France would co-operate in the attempt to find a new basis for agreement, as an alternative to the recognition of a state of deadlock.

The German Government, meanwhile, had also let it be known that no further help in solving the crisis could be expected from them. They had not failed to take advantage of the opportunity for justifying their own attitude with which the French Government had presented them by accepting the onus of breaking off the diplomatic negotiations; and in a speech which the German Foreign Minister, Freiherr von Neurath, had delivered in Berlin on the 27th April, he had claimed that

the French Government had . . . wrecked prolonged negotiations which had led, step by step, to a clearer definition of the chief points at issue and which had made a prompt understanding appear possible.

Herr von Neurath had declared that Germany was still prepared to stand by her latest proposals and concessions, but that she felt that the task of incorporating those proposals into a convention was no longer Germany's business but that of other Powers. As a proof of the German Government's readiness to come to an understanding he referred to the appointment, which had been announced a few days earlier, of Herr von Ribbentrop as a special Commissioner with the duty of facilitating and promoting international negotiations on disarmament. This appointment was significant as an indication that Germany would still prefer her rearmament to have the consent of the other Powers and was reluctant to follow her own path in isolation, but when Herr von Ribbentrop, in the exercise of his duties, visited London on the 9th-10th May and Rome ten days later, in order to explain the German attitude in detail to the British and Italian Governments, he was not able to introduce any new factor into the situation. He was reported to have emphasized once

more the fact that Germany was still ready to conclude a convention on the lines which Herr Hitler had discussed with Mr. Eden in February, but to have explained that the German Government felt that it was impossible for them to make any further concessions.

While both France and Germany were thus refusing to make any new move, the 'honest brokers' made it clear that they considered their mission at an end. The Italian Government regarded the new trend of French foreign policy with some concern, and when Signor Suvich, the Italian Under-Secretary for Foreign Affairs, set out on the 21st April, 1934, for London (on a visit which had been arranged, in return for that of Sir John Simon to Rome in January, before the latest international developments had taken place), he was instructed to point out the importance of avoiding any appearance of a combination against Germany as well as the importance of concluding a convention on armaments at the earliest possible date. Signor Suvich was able to make the Italian Government's views known in Paris and in Brussels as well as in London, for he visited Paris on the 22nd April, on his outward journey, and Brussels on the 27th April, on his way home. He was reported to have found that the British and the Belgian Governments¹ were in substantial agreement with the Italian Government, but he took back to Rome, nevertheless, the impression that there was nothing more to be done before the Disarmament Conference reassembled at the end of May.

The chief responsibility for creating this impression rested upon the British Government. The latest exchange of views with France had not resulted in a definition of the 'guarantees of execution' which H.M. Government would be prepared to accept, but the general impression was that they were ready, for the sake of an agreement on armaments, to make a contribution towards European security which would be a good deal more substantial than any contemplated by a British Government since the rejection of the Geneva Protocol. Whether the British offer, when formulated, would have satisfied what France considered to be her essential needs was open to doubt, but the British Government were perhaps entitled to feel that they had not deserved the rebuff which they received at Monsieur Barthou's hands. At the same time, their critics at home and abroad were no less entitled to point out that if the British Government, who had taken the initiative time and again during the last few years in order

¹ The Belgian Foreign Minister, Monsieur Hymans, went to London in the middle of May to discuss the situation, but on his return home he was obliged to report that no new proposal for saving the Disarmament Conference had emerged from his conversations with British Ministers.

to avert the break-down of the disarmament negotiations, were to throw in their hand at this crucial moment, their resignation from the rôle of mediator-in-chief would certainly be interpreted as a proof of their conviction that the final break-down of the attempt to reduce and limit armaments by agreement was inevitable. These considerations did not prevent the British Government from intimating that they had shot their bolt.

I do not believe [Sir John Simon told the House of Commons at Westminster on the 18th May, 1934] that we ought at this stage ourselves to go to Geneva and start a new initiative. I think we ought to say: 'This is the effort we have made . . . now we really ought to know what the other people think about it, and what positive plan they can suggest.'

The conclusion that the Disarmament Conference, when it reassembled, could do nothing but record its failure, was deprecated by the British Government, but the probability of such an outcome was clearly envisaged in another passage of the Foreign Secretary's speech, in which he appealed to his hearers not to

take the foolish view of supposing that even if that [the break-down of the Conference] happens it means the end of the world. On the contrary, on the very day that it happens we have all of us to start new efforts for the same purpose.

The nature of the new efforts which were contemplated by the British Government was indicated later in the debate by Mr. Baldwin, who referred to the possibility of a special agreement for the limitation of air armaments—a possibility which had been mentioned two months earlier in the debate on the British air estimates and which was destined to take a more prominent place in British policy in a few months' time.¹ Mr. Baldwin also reminded the House of a statement which he had made in the debate on the air estimates on the 8th March to the effect that if air armaments were not equalized by agreement the British Government would 'see to it that in air strength and air power this country shall no longer be in a position of any inferiority to any country within striking distance of our shores'; and he added that the preliminary work which would be necessary to permit the rapid expansion of the British Air Force up to a one-Power standard had already been put in hand.

This statement was an ominous sign that the race in armaments which, by general admission, would inevitably follow the failure of the attempt to limit armaments by agreement, had in fact already begun in anticipation of the final break-down of the Disarmament

¹ See the present volume, pp. 123 *seqq.*, 194 *seqq.*

Conference. The increase in the German military, naval and air estimates, which had provided the French Government with a reason for terminating the diplomatic negotiations, had not been an isolated portent. Apart from the naval competition between Japan and the United States, both of whom were intent on building their fleets up to the limits allowed them by the treaties,¹ the provision which was being made for enormous increases in European Air Forces was the most alarming feature in the situation. The French budget for the year 1934-5 had provided for a total expenditure of fr. 3,120,000,000, of which fr. 1,275,000,000 was allocated to the War Department for the extension of the frontier fortifications, fr. 865,000,000, for naval defence and fr. 980,000,000 for the modernization of the Air Force. The British estimates for 1934-5 had shown an increase of over £5,000,000 in expenditure on the naval, military and air forces, without making any allowance for the contingency that the strength of the Air Force might have to be suddenly doubled in accordance with the Government's declared policy. Finally, on the 26th May, on the eve of the resumption of the meetings of the Disarmament Conference, Signor Mussolini announced that the Italian Air Force would be reconstituted during the years 1934-40 at a cost of 1,000,000,000 lire and that an equal amount would be expended during the same period in bringing the Navy up to the limits allowed by the Washington Treaty. In announcing these building programmes Signor Mussolini declared that the problem of disarmament might be 'regarded as exhausted' and proclaimed his belief that 'war was a phenomenon accompanying the development of humanity' and that 'the fundamental virtues of man' were 'revealed to the full light of the sun only in bloodstained struggles'.

It was against this background that the representatives of over fifty states assembled at Geneva at the end of May 1934 in order to decide the fate of the Disarmament Conference. The course and outcome of these deliberations are described in the following section of this part of the present volume.

(iii) The Disarmament Conference (1934-5)

When the Bureau of the Disarmament Conference recommended on the 22nd November, 1933, that the General Commission of the Conference should stand adjourned for a time, in order to allow 'parallel and supplementary' efforts towards agreement to be made through diplomatic channels,² it entrusted the President of the Conference

¹ The question of naval armaments will be dealt with in the *Survey for 1936*.

² See the *Survey for 1933*, pp. 316-17.

with the responsibility of deciding, in consultation with the other principal officers, at what date the Bureau could usefully reassemble. Mr. Arthur Henderson, who was kept closely informed as to the progress of the diplomatic negotiations, discussed the situation with the Vice-President of the Conference (Monsieur Politis), the *rappor-teur* of the General Commission (Dr. Beneš), and the Secretary-General of the League (Monsieur Avenol) in Geneva on the 19th–20th January, 1934, and again in London on the 13th February; but on both occasions this ‘Little Bureau’ of the Conference decided that the negotiations had not yet made sufficient progress to justify the President in convening a meeting of the Bureau itself, still less of the General Commission, at an early date. The Bureau did not meet until the 10th April, 1934, and even then it decided that it would be necessary to allow a little more time for the completion of the diplomatic exchanges of views. The discussion, however, showed that it was generally recognized that the General Commission of the Conference must meet before long to take cognizance of the situation, and it was arranged provisionally that a meeting should be held towards the end of May. It was subsequently decided that the members of the Bureau should assemble on the 28th May and that the General Commission should begin its session on the following day.¹

Exactly a week after the meeting of the Bureau on the 10th April, the diplomatic negotiations were broken off by France, and during the next few weeks none of the four Powers which had been taking part in the negotiations showed any disposition to put forward new suggestions which might break the deadlock.² In these circumstances it seemed probable that the General Commission, when it reassembled, would be faced with the alternatives of deciding that the Conference must return its mandate to the League Council, or of adjourning indefinitely in the hope that the political situation might improve sufficiently to justify a resumption of the attempt to conclude an armaments convention at some future date. In either case it might be possible to save something from the wreck by concluding a limited convention, or a series of protocols, dealing with the points on which a large measure of agreement had been reached during the last two years.³ The course of winding up the Disarma-

¹ The Bureau arranged on the 10th April to meet again on the 30th April, but after the diplomatic negotiations had been broken off in the middle of the month (see pp. 27–8, above) Mr. Henderson decided that no useful purpose would be served by calling the Bureau together in advance of the General Commission, and the meeting was therefore postponed.

² See pp. 29–31 above.

³ For an earlier suggestion of this kind, see the *Survey for 1932*, pp. 287–8.

ment Conference, and thus recognizing the impossibility of concluding a convention on armaments in the existing political situation of Europe, had a certain number of advocates, and the procedure which would have to be followed in the event of a decision in that sense was the subject of much discussion. A proposal which met with some support was that the Disarmament Conference should notify the League Council of its inability to continue its work, and that the Council should then appoint a small committee, representative of the Great Powers, to carry on the task of attempting to arrive at a settlement. This suggestion naturally did not commend itself to the smaller states members of the Conference, who had always opposed the tendency to entrust to a small clique the responsibility for negotiations which were vital to the successful conduct of the Conference.¹

Five of these smaller states—Denmark, Norway, Sweden, Spain and Switzerland²—had drawn attention to their concern at the position of the disarmament discussions by sending a memorandum³ to Mr. Henderson on the 14th April in which they had indicated the line which they thought that the Disarmament Conference should follow. The five states had expressed the opinion that the Conference must choose between

a limited but real reduction of armaments side by side with moderate rearmament or pure and simple limitation at the *status quo* accompanied by rearmament on a larger scale.

In declaring their preference for the former alternative they had outlined the essential features of a solution which they regarded as practicable. Their suggestion was that a convention of limited scope should be concluded, leaving the problems of naval armaments and of the abolition of military aviation for later consideration, but that steps should be taken to prohibit aerial bombardment and 'to prevent an aggravation of the existing situation' in regard to air armaments. The convention should not merely limit armaments at the present level but should provide for substantial reduction, and it should sanction the principle of equality of rights and provide for its practical realization 'to a moderate degree'. On these points the five states were in agreement with the views of the British Government as they had been laid down in the memorandum of the 29th

¹ See the *Survey for 1932*, pp. 235, 248, 255, 288, 300; the *Survey for 1933*, pp. 236, 258, 264, 287, 310 n.

² The Netherlands also approved of the general tenor of the memorandum.

³ Text in the British White Paper *Cmd. 4559*, pp. 16-17, and in *Documents on International Affairs, 1934*, pp. 125-7.

January, 1934,¹ but they went on to point out that even a convention on these lines did not

appear realizable without a reinforcement of security going beyond the proposals of the British memorandum, particularly as regards concrete and definite guarantees for the execution of the convention.

This five-Power memorandum had been drawn up before the break-down of the diplomatic negotiations, and it was in effect a sketch of the kind of agreement which might have been concluded if the negotiations had not been interrupted. The programme outlined made no provision for a definite French refusal to agree to any rearmament of Germany, and the memorandum was therefore not likely, in the circumstances existing after the delivery of the French note of the 17th April, to provide a new starting-point for the discussions of the General Commission and thus avert a decision to dissolve or adjourn the Conference. Before the date of the General Commission's meeting arrived, however, the prospect of a new Russian initiative had given fresh grounds for hope to those who regarded either dissolution or adjournment as calamities to be avoided at almost any cost.

The meeting between Monsieur Litvinov and Monsieur Barthou at Geneva on the 18th May, and the subsequent launching of the project for an Eastern Security Pact, are dealt with elsewhere,² and in this place it is only necessary to record that after Monsieur Litvinov's interview with Monsieur Barthou it became known that the Russian Commissar for Foreign Affairs intended to suggest to the General Commission that it should concentrate its attention on the question of the organization of security. This brought to the fore another alternative to the dissolution or adjournment of the Conference: the possibility that the Conference might relegate the question of disarmament to the background and continue in being in order to promote the conclusion of agreements for guaranteeing security. When the General Commission finally began its session on the 29th May,³ the possibility of an immediate dissolution of the Conference was not given serious consideration, and the two alternatives which held the field were adjournment or concentration upon security.

The leading advocates of adjournment were the British delegates, whose policy was dictated by the belief that 'a Conference called for

¹ See pp. 15 *seqq.*, above.

² See the present volume, section (iv) of this part.

³ The meeting of the Bureau on the preceding day lasted little more than half an hour and resulted in agreement to postpone a decision as to the future of the Conference until the General Commission had discussed the situation.

the purpose of disarmament' could not be transformed 'into a Conference for devising plans of security on the basis that no disarmament at all was possible'.¹ On the break-down of the diplomatic negotiations in April, British mistrust of political entanglements in Europe, which the Government had apparently been trying to overcome, had resumed much of its old sway; and the attitude of the 'disarmament first' group was also coloured by the suspicion that the supporters of 'security first' were really attempting, under cover of the League's auspices, to build up a system of alliances on the pre-war pattern. If disarmament was to remain the principal business of the Conference, however, it appeared to be essential to secure the return of Germany, and the British representatives came to take the view that negotiations with Germany ought to be reopened, and that the principle of a moderate degree of German rearmament, which had been accepted in the British memorandum of the 29th January, 1934, ought to be taken as one of the bases of discussion. If this course were adopted it would follow that, while the machinery of the Conference would be kept in existence pending the conclusion of the negotiations, any committees which might remain at work would not be able to deal with the fundamental problems. The British representatives believed, however, that the points on which more or less general agreement had been reached already might usefully be incorporated in protocols at this stage, and in his speech² to the General Commission on the 30th May Sir John Simon indicated as suitable subjects for such protocols the questions of chemical warfare, budgetary publicity and the establishment of a Permanent Disarmament Commission.³ The British view that disarmament must not be sacrificed to security was shared by the United States delegation and by the delegates of the five smaller states⁴ who were the authors of the memorandum of the 14th April, 1934.

On the other side, the principal advocates of the view that the

¹ Sir John Simon in the General Commission on the 30th May, 1934.

² Text in *Documents on International Affairs, 1934*, pp. 147-56.

³ In his speech to the General Commission Sir John Simon appeared to be of the opinion that unless the Commission could reach agreement on lines similar to those laid down in the British memorandum there was nothing further to be done except to conclude a series of 'salvage' protocols. After Sir John Simon had left Geneva, however, Mr. Eden, who took his place as leader of the British delegation, associated himself with the view that the negotiations with Germany should be renewed and that the work of the Conference should remain more or less in abeyance in the meantime.

⁴ The Netherlands delegation again associated themselves in a general way with the view of the five states.

attempt to reach an agreement on armaments should be abandoned, at least temporarily, in favour of efforts to organize security were the delegates of the U.S.S.R. and France. Monsieur Barthou, however, was content at first to leave the initiative to Monsieur Litvinov and to take his own stand on the negative position which he had occupied during the past six weeks—that is, he maintained his refusal to contemplate an acquiescence in German rearmament¹ and refrained from placing any constructive proposal before the Conference. The main theme of his speech² to the General Commission on the 30th May, which followed immediately upon that of Sir John Simon and contained some caustic criticism of the British attitude, was the dominance of the security problem, but even in this field he produced no concrete suggestions, and merely gave his general approval to the policy which had been outlined by Monsieur Litvinov on the previous day.

Monsieur Litvinov, in his speech,³ had put the issues bluntly before the General Commission. It would, he said,

have to decide whether the Conference should continue at all, and, if so, for what purpose, or whether the Conference should voluntarily pass out of existence.

His own suggestion was that the states members of the Conference should frankly recognize the impossibility of agreeing on measures for the limitation or reduction of armaments and should seek to guarantee peace by other means than disarmament. He proposed

the transformation of the Conference into a permanent body, concerned to preserve by every possible means the security of all nations and to safeguard universal peace.

At a later stage of the discussions Monsieur Litvinov suggested that, pending a decision on the transformation of the Disarmament Conference into a permanent Peace Conference, the Political Commission of the Conference should be called together and invited to resume its discussions at the point at which its work had been suspended in May 1933—that is, to take up again the question of defining the aggressor and the French proposal for pacts of mutual assistance.⁴

¹ An approving reference in his speech of the 30th May, 1934, to the Italian plan of the 4th January, 1934, was thought to hold out a slight hope of concession on this point, since the Italian Government had proposed the recognition of German rearmament and the stabilization of the armaments of other Powers at their existing level (see pp. 14–15, above).

² Text in *Documents on International Affairs, 1934*, pp. 156–66.

³ Text in *op. cit.*, pp. 138–47.

⁴ See the *Survey for 1933*, pp. 278 *seqq.*

While the Russian proposal for making the Conference a permanent organization went too far for most of the delegations, the principle that it was useless to discuss disarmament until security had been established was accepted by the states members of the Little Entente and of the Balkan Entente as well as by France. A resolution was introduced by the Turkish delegation which aimed at combining this idea with the idea of the 'salvage' of a few points which were no longer in dispute. The Turkish resolution suggested that protocols on chemical warfare, budgetary publicity and the establishment of a Permanent Disarmament Commission should be drawn up immediately and submitted for signature and that a special committee should be set up to study the possibility of general or regional security agreements.

An attempt to build a bridge between this group, which insisted upon 'security first', and the Anglo-American group, which refused to agree that security could take the place of disarmament as the main topic of discussion, was made by the Scandinavian-Swiss group, who made a declaration¹ recommending the continuance of the Disarmament Conference's work in accordance with the principles laid down in their memorandum.² This proposed compromise failed to win much approval from either of the opposing schools of thought, and when the general discussion came to an end, on the 1st June, it was clear that the Bureau, which would now have to decide on a definite course of action, would have an extremely difficult task in finding a programme which would win general approval. This burden weighed most heavily upon the President, Mr. Arthur Henderson, though the fact that his own standpoint did not coincide exactly with that of either group gave him some prospect of success in fulfilling the duty of conciliation which was imposed upon him by his office. Mr. Henderson recognized that an agreement for limitation of armaments depended on some solution of the question of security, and in his opening speech³ to the General Commission on the 29th May he had mentioned security as one of the three outstanding problems which must be dealt with as a matter of urgency (the other two problems were the danger of competition in air armaments unless

¹ Text in *Documents on International Affairs, 1934*, pp. 166-8.

² Their proposal was that the Bureau should be responsible for the preparation of a revised text of a draft convention and that, in view of the absence of Germany from the Conference, it should be empowered 'to take any steps that might enable it to complete the draft in respect of all countries'. The Bureau would also study the question of control of the trade in, and manufacture of, arms, while the question of 'guarantees of execution' of the convention would be examined by a special committee.

³ Text in *Documents on International Affairs, 1934*, pp. 127-33.

they were speedily regulated, and the need for prompt action to control the trade in and manufacture of arms). On the other hand, he was strongly opposed to the idea that disarmament should be relegated to the background while the search for security was pursued, and he considered that it was of primary importance that Germany should be induced to resume her place at the Conference.

When, after long and sometimes acrimonious debate, the members of the Bureau were no nearer agreement on the procedure which they were to recommend to the General Commission, Mr. Henderson took the initiative by proposing a resolution¹ of his own. This recommended that the Russian proposal for pacts of mutual assistance should be referred to the Governments; that one of the existing committees of the Conference (on the miscellaneous provisions of the convention) should deal with guarantees of execution; and that the President of the Conference should make himself responsible for the further political preparation which would be necessary before the General Commission and the Political Commission could usefully resume their discussions on disarmament and security. The resolution was thus, in effect, a proposal that the General Commission should adjourn once more and that the attempt to bridge the gulf between France and Germany by direct negotiations should be renewed under Mr. Henderson's guidance. This resolution was warmly supported by Mr. Eden, and it was also accepted by the other advocates of 'disarmament first', but it was strongly opposed by Monsieur Barthou and the members of the 'security first' group. As a sequel, however, to a passage of arms between Monsieur Barthou and the President, during which Mr. Henderson threatened to resign his office, Monsieur Barthou abandoned his attitude of purely destructive criticism, and produced suggestions for an alternative programme of work. Monsieur Barthou's resolution² agreed with Mr. Henderson's in suggesting that the Russian proposal should be referred to the Governments. It recommended that the Political Commission should resume immediately its study of regional pacts of security and should deal also with the questions of supervision and of 'guarantees of execution', and that the Air Committee and the Committee on the Manufacture of and Trade in Arms should also be convened again at once. It did not refer to the question of resuming negotiations with Germany, but it proposed that the General Commission should leave it to the Bureau to ensure that, when the General Commission was convened by the President, it would have a complete draft convention to discuss.

¹ Text in *Documents on International Affairs, 1931*, pp. 168-9.

² *Op. cit.*, pp. 169-71.

The French resolution thus avoided any appearance of either opposing or soliciting the return of Germany to the Conference, and it maintained the thesis that the work of the Conference could be continued in the absence of Germany by concentrating on security (the Political Commission, which would, if the French proposal was adopted, resume work at once on security questions, was composed of representatives of all the states participating in the Conference, and was, indeed, the General Commission under another name). The proposal that work should also be resumed on the questions of air armaments and of the manufacture and sale of arms was designed as a concession to the views of the President and of the 'disarmament first' group, and Monsieur Barthou, having gone thus far on the path of conciliation, did not refuse to make a further advance. Private discussions took place between the principal delegates of France, Great Britain and the United States, and agreement was finally reached on a resolution which was a compromise between that of Mr. Henderson and that of Monsieur Barthou.

The amended resolution¹ was approved by the Bureau on the morning of the 8th June and adopted by the General Commission (the Italian delegate dissenting)² in the afternoon. It maintained the suggestions that the Russian proposal should be referred to Governments and that the Air Committee and the Committee on the Manufacture of and Trade in Arms should be reconvened, but it differed from Monsieur Barthou's resolution in proposing that security questions should be dealt with by two special committees instead of by the Political Commission. One of these committees was to 'conduct preliminary studies . . . in order to facilitate the conclusion' of further regional security agreements similar to those concluded in Europe during the past year, and the other was to deal with the questions of 'guarantees of execution' and of supervision. The decision to refer these questions to special committees meant that the Conference as a whole would stand adjourned pending the result of further negotiations with Germany, provision for which was made in the following paragraph:

[The General Commission] invites the Bureau to seek, by whatever means it deems appropriate and with a view to the general acceptance of a Disarmament Convention, a solution of the outstanding problems,

¹ Text in *op. cit.*, pp. 171-3.

² The Polish and Hungarian delegates accepted the resolution subject to reservations. The Italian delegation had not taken at all an active part in the discussions, on the ground, apparently, that the Italian point of view had already been made clear by Signor Mussolini. The reason for Italy's rejection of the resolution was that it did not contain any reference to the acceptance of Germany's equality of rights, and that a settlement of that question ought, in the Italian view, to precede the resumption of the work of the Disarmament Conference.

without prejudice to the private conversations on which Governments will desire to enter in order to facilitate the attainment of final success by the return of Germany to the Conference.

In accepting this passage in the resolution Monsieur Barthou had made a real concession to the point of view of the 'disarmament first' group, and it was a further proof of his new readiness to be conciliatory that a reference to four of the notes which had been exchanged during the recent diplomatic negotiations¹ was included in the preamble to the resolution, since three of these notes assumed the recognition of a certain degree of German rearmament. On the other hand, the 'disarmament first' group, by agreeing to the appointment of four committees, had made a concession to the French point of view that it was possible to go on with the work of the Conference in Germany's absence.

By adopting this resolution the General Commission avoided the necessity of deciding on the dissolution of the Conference, and it also avoided a definite change of direction which would have made security and not disarmament the principal object of the Conference. The debates in the General Commission and in the Bureau, however, had not done anything to remove the obstacles which the Conference had found insuperable hitherto; and the compromise of the 8th June was likely to prove of little practical value except in so far as it provided a breathing-space during which the statesmen of Europe could make another attempt to bring France and Germany to terms. At the best, the effect of the meetings at Geneva would thus be to restore the *status quo ante* the French note of the 17th April. It was true that the resolution of the 8th June might be interpreted to mean that the Bureau of the Conference was entitled to take a hand in the negotiations as well as the Governments of the Western Great Powers, but the French delegates made it clear that, in their view, the primary responsibility remained with the Governments, and this view was accepted provisionally by the other members of the Bureau. On the 11th June they concurred in the suggestion, which was put forward by Mr. Henderson, that the Bureau should take no action until it saw what the Governments intended to do, and they empowered the President to convene a meeting if and when he considered it necessary.

¹ The notes in question were the French note of the 1st January, 1934 (see pp. 8-10, above), the Italian note of the 4th January (see pp. 14-15, above), the British memorandum of the 29th January (see pp. 15-18, above) and the German note of the 16th April (see pp. 18-19 above). Mr. Henderson's resolution had drawn attention to these notes and suggested that they offered a basis for a further exchange of views.

If the initiative was to rest with the Governments, however, it was evident that the prospects for the success of the negotiations depended upon the attitude of France, and the fact that Monsieur Barthou had found it advisable to abandon intransigence for conciliation in the atmosphere of Geneva could not be taken as proof that French policy had undergone another change. Nor was there any sign of a modification in the German attitude which might have made it more difficult for France to refuse concessions. On the contrary, while the General Commission was in session, the German press continued to reiterate that Germany could only contemplate a return to Geneva on her own terms—that is, on the condition that the principle of equality should be given practical effect by the legalization of German rearmament.

In the middle of June the German Commissioner for Disarmament, Herr von Ribbentrop, went to Paris and was received by Monsieur Barthou and Monsieur Doumergue. No details were made public regarding these interviews, but it was believed that Herr von Ribbentrop had been instructed to ascertain whether the French Government were now prepared to reconsider their refusal to agree to partial German rearmament, and that the French Ministers had made it clear that their attitude remained unchanged. Thus there appeared still to be no prospect of that accommodation between the French and German points of view which was essential if negotiations were to be resumed with any chance of success. The next developments were Monsieur Barthou's journey in Central Europe;¹ the 'clean-up' of the 30th June in Berlin and its reactions upon European opinion;² and the visit of Monsieur Barthou to London on the 8th-9th July.

This visit had been arranged at Geneva after Monsieur Barthou's outspoken comments on British policy had imposed a certain strain upon Franco-British relations, and its ostensible object was to provide an opportunity for the frank discussion of 'European problems as a whole'.³ In fact, however, Monsieur Barthou's discussions with British Ministers turned almost entirely upon the Franco-Russian project for a Pact of Mutual Assistance in Eastern Europe—a project which received the blessing of the British Government.⁴ In promising to give this plan their moral support H.M. Government

¹ See the *Survey for 1934*, pp. 348-9, and the present volume, pp. 64-5, below.

² See the *Survey for 1934*, pp. 324-6.

³ Monsieur Piétri, the French Minister of Marine, who accompanied Monsieur Barthou, engaged in conversations with naval experts with the object of preparing the ground for the Naval Conference which was due to be held in 1935.

⁴ See section (iv) of this part of the present volume.

were, in effect, yielding the ground which their delegates had defended so obstinately at Geneva a month earlier; for, with the formal launching of the project for an Eastern Pact, the organization of security definitely replaced the limitation of armaments as the principal immediate aim of European statesmanship. It was true that the appearance of a capitulation on this point was scrupulously avoided by the British Government. They insisted on the necessity for including Germany in the negotiations on an equal footing¹—thus endeavouring to avert the danger that the proposed pact of mutual assistance might prove to be a euphemistic description of a system of military alliances directed against Germany—and they also took care to point out that they had given their approval to Monsieur Barthou's proposals on the understanding that they offered a fresh starting-point for negotiations on disarmament.² This was a matter, however, on which Monsieur Barthou had the last word, and within a few days of his return to Paris he made clear his intention not to let the negotiations for an Eastern Pact depend in any sense upon the resumption of attempts to come to an agreement on armaments.³ During the next few months the security negotiations occupied the foreground of the European scene, and it was not until after Monsieur Barthou's assassination on the 9th October that the emphasis began to shift a little.

By that time it was evident that the Franco-Russian proposal for mutual assistance would not be accepted by either Germany or Poland; and it was also not open to doubt that Germany had been making use of the interval to press on with her plans for rearmament, especially in the air, with the result that the level at which an agreement for the limitation of armaments might be reached—if agreement was still possible—was rising with every week that passed.⁴ Under

¹ See pp. 65–6, below. ² See pp. 68–9, below. ³ See p. 69, below.

⁴ For instance, in the proposal which had been discussed between Herr Hitler and Mr. Eden in February 1934, and which had been confirmed by the German note of the 16th April (see p. 18, above), Germany had refrained from claiming any bombing aeroplanes. By the autumn it was common knowledge that a German military Air Force was being built up and that it already contained some bombing machines. On the 18th November, in the course of a debate on German rearmament which took place in the House of Commons at Westminster on a motion introduced by Mr. Winston Churchill, Mr. Baldwin announced this fact and explained that, according to the information which was in H.M. Government's possession, Germany's military aircraft at that time numbered between 600 and 1,000, which gave her rather less than 50 per cent. of the British strength in the air. On the 19th July, 1934 (just after Monsieur Barthou's visit to London), Mr. Baldwin had told the House of the Government's decision to proceed without further delay with a plan for expanding the Air Force which would result in an increase of British first-line strength by 300 aircraft by the end of 1936. (For the earlier announcements of a pos-

the pressure of these developments Monsieur Barthou had merely continued his pursuit of organized security with increased zeal, but while his successor, Monsieur Laval, did not abandon Monsieur Barthou's scheme, he devoted attention as well to the possibility that a comprehensive settlement with Germany might still be achieved.

At the beginning of December 1934 there was a meeting in Paris between Monsieur Laval and Herr von Ribbentrop, but this produced no immediate result, and it was not until after the turn of the year that the new trend in French policy towards Germany bore definite fruit. Meanwhile the rapid development of the air menace had gone far to convince British opinion, not only that it was necessary for Great Britain to strengthen her own defences, but also that the British Government could not afford to stand aside in the rôle of a spectator with no direct concern in the march of events on the Continent of Europe. This apparent increase in a sense of responsibility was reflected in the British Government's readiness to lend a hand—even at some slight risk of burning their fingers—in connexion with the Saar plebiscite¹ and with the Yugoslav-Hungarian dispute which arose out of the assassination of King Alexander of Yugoslavia;² and it was reflected again in the Franco-British declaration of the 3rd February, 1935, which initiated a new attempt to come to terms with Germany. This initiative and its outcome are dealt with elsewhere;³ in this place it remains to record the activities of the committees which were endeavouring to carry on the work of the Disarmament Conference within the limits that were imposed by the absence of a bridge over the Franco-German gulf.

Of the four committees which had been allotted tasks by the sible expansion, see p. 32, above.) Mr. Baldwin now declared that if the German building programme was not accelerated, and if British expansion continued at the existing approved rate, Great Britain would continue to have a margin of superiority in the air of nearly 50 per cent. over Germany. He added an assurance that H.M. Government were 'determined in no conditions to accept any position of inferiority with regard to what air force' might 'be raised in Germany in the future'.

In the same debate Sir John Simon confirmed information given by a private member regarding the reorganization of Germany's military forces. According to this information, the transformation of the Reichswehr into a short-service army of 300,000 men was in progress, and the army was being organized in twenty-one divisions. In regard to its armament no details were available, but, as Sir John Simon said, the Governments of other countries were 'bound to assume that this expanded, reorganized army' was 'being equipped with a range of modern weapons'.

¹ See the *Survey for 1934*, Part III E.

² *Op. cit.*, Part III D, section (ii).

³ In section (vi) of this part of the present volume.

General Commission's resolution of the 8th June, 1934,¹ one, the Air Committee, was not convened at all, owing to representations from various quarters that it could not do any useful work until the political skies were clearer. The competition in air armaments, which proceeded without restriction during the later months of 1934, has already been mentioned, and when, in February 1935, an attempt was made to deal with this problem by means of a special Air Pact between the Western European Powers,² the Air Committee of the Disarmament Conference was not called upon for advice or assistance.

The Security Committee was the first of the three remaining committees to produce results. This committee held its first meeting, under the chairmanship of Monsieur Politis, on the 18th June, and on the 25th June it adopted a report to the General Commission in which it laid down certain general principles to govern the conclusion of regional security agreements. Such agreements should, the committee recommended, conform to the rules laid down in general pacts such as the Covenant of the League and the Pact of Paris, and they should also be brought into line with any special agreements previously concluded by the contracting parties. They should not be directed against any Power or group of Powers. They need not be strictly confined to a particular region, but might be concluded between a large number of states, and the contracting parties might include European states which were not members of the League.³ The Locarno Pact, the agreements of 1933 on the definition of the aggressor,⁴ and the Balkan Pact of 1934⁵ were all recommended to the attention of those seeking an appropriate formula, but the committee was of opinion that the most suitable basis for the conclusion of regional security agreements would be found in the Model Treaty for Mutual Assistance which had been drawn up in 1928 by the Security Commission that had been established in connexion with the preparatory work for the Disarmament Conference.⁶ It will be noticed that there was nothing in the project for an Eastern Pact, which formed the subject of intensive negotiations during the second

¹ See p. 41, above. The constitution of the two new committees (on 'guarantees of execution' and on security questions) and the reappointment of the Air Committee and the Committee on the Manufacture of and Trade in Arms, had been effected by the General Commission at a final meeting on the 11th June, 1934.

² See pp. 123 *seqq.*, 194 *seqq.*, below.

³ The committee's report was completed three months before the U.S.S.R. was admitted to membership of the League during the fifteenth session of the Assembly. (See the *Survey for 1934*, Part III B, section (i) (c).)

⁴ See the *Survey for 1933*, pp. 181-3.

⁵ See the *Survey for 1934*, Part III D, section (i).

⁶ See the *Survey for 1928*, Part I A, section (iii).

half of the year 1934, that was actually incompatible with the principles laid down by the committee, since the promoters of that project, by inviting Germany to take part in the proposed agreement, complied formally with the recommendation that regional security agreements should not be directed against any Power. Thus a committee of the Disarmament Conference cast the mantle of the League over the Franco-Russian scheme for organizing security in Eastern Europe.

The Committee on Guarantees of Execution and Control held a meeting on the 28th June at which it considered a memorandum on 'guarantees of execution' which had been drawn up by its chairman, Monsieur Bourquin (Belgium), after consultation with the representatives of countries specially interested in the question. In this memorandum, which the committee forwarded to the President of the Conference,¹ Monsieur Bourquin classified possible violations of a Disarmament Convention under four heads, and made suggestions regarding the action which might appropriately be taken in each case. This committee postponed its examination of the question of control until a later meeting, but no further meeting was in fact arranged.

The last of the four committees appointed or reappointed by the General Commission on the 11th June, 1934, had to deal with questions which were considered by many observers to lie at the very heart of the whole complex of problems which were summed up in the terms 'limitation and reduction of armaments' and 'collective security'. The belief that the uncontrolled manufacture and sale of arms and munitions of war constituted one of the most serious obstacles in the way of the establishment of world order had been gaining ground for some years past; and, with the rapidly increasing danger of a new armaments race, the problem was becoming even more urgent and menacing. The attempts which had been made since the peace settlement to devise a system of controlling the manufacture of, and trade in, arms and munitions had not met with much success. A convention for the control of the trade in arms had been concluded in 1925, but it had never come into force;² and although the manufacture and sale of arms had been the subject of lengthy discussion during the preparations for the Disarmament Conference and by committees of the Conference itself,³ the question was not one

¹ Mr. Henderson had made a special study of the question of 'guarantees of execution' during the winter of 1933-4 and had been in close touch with the French Government for that purpose (see p. 20, above, for the French memorandum which was sent to Mr. Henderson on the 5th December, 1933).

² See the *Survey for 1925*, vol. ii, pp. 69-71; the *Survey for 1932*, pp. 295-6 n.

³ See the *Survey for 1932*, pp. 295-8; the *Survey for 1933*, pp. 288-9.

of those which had emerged from the rough waters of controversy to become a fit subject for a 'salvage' protocol. The principal division of opinion had lain between those delegations which were in favour of the abolition of private manufacture and those which thought that a system of licensing would be enough. The British Government, which attached importance to the continued existence of private armament firms which could supplement the output of the state factories in case of need, were amongst the strongest advocates of a licensing system, whereas the French Government were prepared to agree to the abolition of private manufacture, and had submitted a proposal to this effect in 1933.¹

The fact that the French Government were still prepared to support this proposal in 1934, at a time when their attitude on the reduction of armaments and on German rearmament stood in the way of a general settlement, seemed to open up the possibility that real progress could still be made if the problem of armaments was approached from this angle. If agreement on the abolition of private manufacture was still unattainable owing to the opposition of Great Britain and other manufacturing states, it was generally recognized that the establishment of a really effective system of supervising both state and private manufacture would represent a great advance, and the prospect for the acceptance of arrangements of that kind appeared to be not altogether unfavourable. One of the most important factors was the attitude of the United States Government, who were ready not only to co-operate but to give a lead in the examination of this question. The sensitive public conscience in America had been coming to regard the manufacture of death-dealing weapons for private profit as one of the major evils of the modern world, and in April 1934 the Senate at Washington had appointed a committee to carry out a thorough investigation into the conditions of the manufacture and sale of armaments by American firms.² At the meeting of

¹ See the *Survey for 1933*, pp. 288-9. Throughout the protracted discussions on disarmament, France had always attached great importance to the question of controlling the manufacture of arms. One of the principal French criticisms of the British draft convention of March 1933 was that it made no provision for dealing with this question, and that, by concentrating on the 'qualitative' aspect of disarmament, it left Germany free to exploit her vast industrial resources in order to supply herself with unlimited quantities of munitions in the 'permitted' categories.

² This committee began its hearings on the 4th September, 1934, under the chairmanship of Senator Nye, and its task had not been completed by the beginning of the year 1936—by which time the proceedings had developed into an inquiry into 'how America got into the Great War'. In the course of these long-drawn-out investigations, the committee heard a great number of witnesses, many of them in prominent positions, and some of the information

the General Commission of the Disarmament Conference on the 29th May the American delegate, Mr. Norman Davis,¹ quoted the following paragraph from a recent message to Congress by President Roosevelt :

It is my earnest hope that the representatives of the nations who will reassemble at Geneva on May 29th will be able to agree upon a convention containing provisions for the supervision and control of the traffic in arms much more far-reaching than those which were embodied in the convention of 1925. Some suitable international organization must and will take such action. The peoples of many countries are being taxed to the point of poverty and starvation in order to enable Governments to engage in a mad race in armament which, if permitted to continue, may well result in war. This grave menace to the peace of the world is due in no small measure to the uncontrolled activities of the manufacturers and merchants of engines of destruction, and it must be met by the concerted action of the peoples of all nations.

Mr. Davis added that

the United States Government was ready to join in measures for suppressing that evil and was prepared to negotiate, in connexion with disarmament, a treaty that would deal drastically with the problem.

On the 15th June, 1934, the United States delegation took the initiative by submitting definite proposals for the control of private and state manufacture of arms for the consideration of the newly re-appointed committee on the subject. This American proposal formed the basis of a text which was drawn up by Monsieur Komarnicki (Poland), the chairman of the committee, in a form suitable for incorporation into a Disarmament Convention. This draft was considered by a sub-committee at the end of June, was approved by the full committee on the 2nd July, and was circulated to Governments for their consideration early in August. Under the proposed system

which was made public cast a sinister light upon the policy and proceedings of armaments firms and their agents.

The American Neutrality Act which became law in August 1935, and which was designed 'to take the profit out of war', contained a provision which obliged arms manufacturers to register with the State Department and to obtain licences for any shipments abroad. This provision, which was permanent and not due to expire on the 29th February, 1936, like the Neutrality Act as a whole, was inserted in the Act in response to a strong Congressional demand. (For the Neutrality Act, see the *Survey for 1935*, vol. ii, section (vii).)

In the United Kingdom, also, a great deal of public interest in the question of the private manufacture of, and trading in, arms was aroused during 1934, and, as a result of popular pressure, the Government appointed a Royal Commission of Inquiry on the 18th February, 1935. This committee began its hearings of oral evidence on the 1st May, 1935.

¹ Text of his statement in *Documents on International Affairs, 1934*, pp. 133-8.

the signatories of the convention would recognize their entire responsibility for controlling the manufacture of, and traffic in, arms in the territory under their jurisdiction, and would undertake to adapt their legislation accordingly. The control would apply to state and to private manufacture.¹ The manufacture and sale or purchase of armaments the use of which was forbidden by international conventions would be entirely prohibited, and the manufacture or importation of certain other kinds of material would be permitted only within fixed limits. The Governments would exercise control by means of a general licensing system for the manufacture of arms and of special export or import licences for the trade in arms, and they would agree to submit to permanent and automatic supervision in order to prove that their undertakings were being observed. In addition, provision was made for a far-reaching system of publicity in regard both to manufacture and trade. This would be effected by means of returns, showing details of licences, orders, deliveries, exports and imports, which would be made by the Governments to the Permanent Disarmament Commission. The committee which adopted these proposals included delegates from France,² Great Britain,³ the United States, Czechoslovakia, Sweden and Switzerland, but two of the principal arms-manufacturing countries, Italy and Japan, were represented only by observers, and Germany was, of course, not represented at all.

By the beginning of July 1934 three of the committees which had set to work in accordance with the resolution of the 8th June had made as much progress as they considered possible under the existing conditions and were awaiting further developments. Mr. Henderson had hoped that the negotiations between Governments which had also been recommended by the resolution of the 8th June would have made sufficient progress by the middle of July to justify a meeting of the Bureau, but this did not prove to be the case. The officers of the Conference decided that it was necessary to await the outcome of

¹ This question of bringing state manufacture under control had been one of the difficulties which had prevented agreement hitherto (see the *Survey for 1933*, pp. 288-9).

² At the meeting of the committee on the 2nd July the French member, who had taken a specially active part in the discussions, expressed the opinion that the draft represented a substantial degree of progress, in so far as difficulties which had hampered negotiations during the past ten years now appeared to have been overcome. He pointed out, however, that a good deal still remained to be done, especially in regard to the elaboration of a system of international supervision.

³ The British delegate drew attention to the fact that his acceptance of the report must not be taken as prejudging his Government's decision in the matter.

the negotiations for an Eastern Pact of Mutual Assistance, thus openly admitting that further progress with the attempt to limit armaments was dependent upon the success of the efforts to organize security. The same admission was made by the Assembly of the League of Nations at its fifteenth session, and no Disarmament Committee was set up by the Assembly. Monsieur Litvinov made a rather half-hearted attempt to direct attention to the proceedings (or absence of proceedings) of the Disarmament Conference by suggesting that the Assembly should instruct the Council to ask Mr. Henderson for a report on the existing state of affairs and that the Council should then indicate the procedure that ought to be followed in future. This proposal, which was obviously intended to reopen the question of transforming the Disarmament Conference into a permanent Peace Conference, was not pressed by the Russian delegation, and the Assembly merely noted it without taking any action.

After the death of Monsieur Barthou in October the officers of the Disarmament Conference could not disguise from themselves the fact that no early solution of the political problems which prevented the resumption of the Conference's work could be looked for as a result of the efforts to build up a system of mutual assistance in Eastern Europe. Mr. Henderson discussed the situation with League officials and with American and British representatives, and on the 5th November he convened a meeting of the Bureau for the 20th of that month. In his communication to the members of the Bureau Mr. Henderson expressed the opinion that the changes which had taken place since June and the probable trend of political events in the near future made it necessary for the Bureau to reconsider the methods of work which had been decided on in June. He suggested that any attempt to deal with fundamental issues should be postponed until after the turn of the year (the Saar plebiscite was due to take place in January), and that in the meantime the Bureau should reconsider the suggestion for 'salvage' protocols which had been dropped in June in order not to prejudice any chance that might remain of concluding a general convention. He thought that the question of manufacture of, and trade in, arms might now be ripe for this treatment, in view of the progress which the committee had made in drafting a text, as well as the questions of budgetary publicity and the establishment of a Permanent Disarmament Commission.¹

When the Bureau met on the 20th November the line of action

¹ The question of chemical warfare, which had been suggested as a suitable subject for a protocol at the end of May (see p. 37, above), was not mentioned by Mr. Henderson.

suggested by the President was accepted with little opposition.¹ In agreeing to concentrate upon these modest aims the Bureau was virtually taking the decision, which had been evaded five and a half months earlier, to dissolve the Conference as a whole; and although the work of the Conference was never formally liquidated, the hope that it might be able to resume its full activities at some future date gradually diminished until it reached vanishing-point. Some of the members of the Bureau who accepted the President's proposals may have found consolation in the thought that, even if the dividend which they now proposed to declare fell very far short of the original expectations of the world-wide public which they represented, yet a programme which included a plan for a system of control over the manufacture of, and traffic in, arms could not be regarded as completely negligible. At all events it was on the possibility of reaching an agreement on this question that attention was now concentrated.

The Government of the United States were especially anxious that the question of controlling trade and manufacture should not go by default in the general pessimism, and the American delegate, Mr. Wilson, laid before the Bureau a draft of a convention dealing with this question which was complete in itself and could be concluded independently of a general arms convention. This draft incorporated, with slight modifications, the provisions for controlling manufacture which had been accepted by the Committee on Trade and Manufacture on the 2nd July, but it also contained other provisions. The first chapter defined the categories of arms to which the system of control would apply and modified in some respects the definitions given in the 1925 Convention on Traffic in Arms. A new clause, which was borrowed from the French proposals of May 1933, laid it down that, with certain exceptions, the export of arms and munitions must be for direct supply to the Government of the importing state or, with the consent of the Government, to a public authority. The final chapter dealt with the functions of the Permanent Disarmament Commission in connexion with the execution of the convention. The Commission was not only to be the authority which was to arrange for full publicity regarding manufacture and trade; it was also to be responsible for permanent and automatic supervision over the control

¹ Monsieur Litvinov gave his project for a permanent Peace Conference another airing, but with no expectation that it would commend itself to his fellow delegates. The Italian representative, who was only an observer, suggested that it would be better to abandon any attempt to save the Conference's face and suspend all work until the times had improved, and he reserved his Government's opinion on the suggestion to conclude salvage protocols.

exercised by the Government of each state, and it was to conduct special investigations on the spot if they were demanded.¹

This American draft convention thus covered two of the questions which Mr. Henderson had indicated as suitable subjects for protocols; but the Bureau decided that the establishment of a Permanent Disarmament Commission and its functions should be examined in the first place by the Committee on the Miscellaneous Provisions of the Disarmament Convention, which would also deal with the Russian proposal for transforming the Disarmament Conference into a permanent Peace Conference. The questions of trade and manufacture and of budgetary publicity were also referred to the appropriate committees, but it was agreed that, in the existing political circumstances in Europe,² it would be best to postpone the meetings of the Committees on Miscellaneous Provisions and on Trade and Manufacture for some weeks.

The third committee, which was responsible for dealing with budgetary publicity, was less dependent upon political conditions. The Technical Committee on National Defence Expenditure, indeed, had been able to continue at work throughout the vicissitudes of the past year, and had completed its task of examining the mass of information relating to their budgets which had been supplied by the states members of the Conference.³ This committee met again in Geneva from the 3rd to the 17th December, 1934, and drew up a report. In December 1933 the committee had prepared a draft convention on the international supervision of national defence expenditure by means of publicity, and the additional information which had come to its notice during the past twelve months had not affected the validity of its previous conclusions. If, therefore, it was decided to conclude a separate protocol on budgetary publicity, a suitable draft was already in existence, awaiting the final approval of the Governments.

The Committee on Miscellaneous Provisions met on the 18th-21st February, 1935. It decided to postpone consideration of the Russian proposal, and although it had a preliminary discussion on the general duties of the Permanent Disarmament Commission, it soon found

¹ The earlier draft had merely stipulated that there should be permanent and automatic supervision, without indicating by whom, or in what manner, it was to be carried out.

² In addition to the uncertainty regarding the future of the Saar Basin, the Yugoslav-Hungarian dispute had raised national feelings to a dangerous pitch (see the *Survey for 1934*, Part III D, section ii). In December the League Council would be in session and would be taking the final decision in regard to the Saar plebiscite as well as dealing with the Yugoslav-Hungarian dispute.

³ Additional information was supplied by various Governments early in 1935, and the committee held further meetings in March to examine this.

that it could not make any progress in the absence of definite conclusions as to the functions of the Commission in connexion with the supervision of trade and manufacture—conclusions which must be formed by the committee that was dealing with that subject. At the beginning of March it was decided that all the questions connected with the establishment and functions of the Permanent Disarmament Commission should be examined jointly by the Committees on Miscellaneous Provisions and on Trade and Manufacture, and the members of the former committee were invited to attend the meetings of the latter during the last week of March.

The Committee for the Regulation of the Trade in, and Private and State Manufacture of, Arms met on the 14th February, 1935 under the chairmanship of Monsieur de Scavenius of Denmark—Monsieur Komarnicki of Poland continuing to act as *rapporteur*. A general discussion engaged the committee until the 1st March, when it referred various aspects of the problem to sub-committees. The plenary meetings were resumed on the 25th March, and a report was adopted on the 13th April. The members of the committee had been unable to reach unanimity on a number of important points, and their report¹ set out a series of alternative texts in parallel columns, instead of presenting the agreed text of a convention which could be recommended to Governments for their acceptance.

A large share of the responsibility for this somewhat disappointing result rested upon the British Government, whose delegates led the opposition to certain fundamental provisions of the American draft convention, which the committee adopted as its basis of discussion. The alleged aim of the British delegates was to simplify the convention with a view to making it more generally acceptable, and their alleged motive was to prevent any action which might prejudice the chances of a settlement with Germany. It was perhaps in accordance with the British tradition of never recognizing defeat that the British Government should still refuse publicly to admit that disarmament was a lost cause; but in this case the result of their policy was that the chance of an immediate and concrete, if limited, gain was sacrificed, while the remote possibility of a general convention for the limitation of armaments was not brought any nearer.

The principal question on which the British delegates differed from the majority of their fellows was that of the supervision to be exercised by the Permanent Disarmament Commission. The American draft had made provision for periodical local investigations into the

¹ League of Nations publication *IX. Disarmament. 1935. ix. 6 (Conf. D. 168)*.

manner in which the states signatories were carrying out their obligations to control the manufacture of, and traffic in, arms; and this provision was strongly supported by the French delegation, since it was in accordance with the policy in regard to supervision in general which had been advocated by France throughout the proceedings of the Disarmament Conference. The British delegation, with the support of the Italian, Japanese and Polish delegations, refused to agree to investigation on the spot, and proposed instead that if the Permanent Disarmament Commission should have reason to believe that any state was infringing the terms of the convention, it should call for the necessary explanations from the state concerned, which would be bound by the convention to supply such additional information as was required. This system was naturally rejected by the advocates of local inspection as entirely inadequate, but the British delegation refused to give way. Their attitude laid them open to the charge of inconsistency, for the British Government had declared in their memorandum of the 29th January, 1934, that they would accept permanent and automatic supervision, with local inspection, as one of the provisions of a general convention on armaments.¹ The British representative repeated this declaration at the final meeting of the committee on the 13th April, but he made it clear that the British Government had conceded this point with reluctance, and only in the hope of promoting a general agreement for the reduction of armaments, and that they did not think it worth while to make the same concession for the sake of a convention of limited application. Since the German Government had announced that they would accept permanent and automatic supervision on the sole condition that it applied equally to all states,² the British attitude could hardly be defended on the ground that the American proposals were likely to prejudice agreement with Germany.

While this question of supervision gave rise to the most serious division of opinion in the committee, it was not the only bone of contention. The system of publicity suggested in the American draft was criticized by the British delegates as unnecessarily complicated, and they opposed the adoption of an additional proposal which was put forward by the French delegation. This was, that the Permanent Disarmament Commission should be notified at the beginning of each financial year of the orders which Governments intended to place and of the sums which they intended to spend on munitions during the coming year. The French delegates attached great importance to this idea of 'previous notification' (*préavis*), on the

¹ See p. 18, above.

² See p. 7, above.

ground that publicity before the placing of orders would have a preventive value that was lacking in the system suggested in the original American draft—under which the details to be published would relate only to *faits accomplis*. A clause providing for returns which would show the expenditure proposed in respect of the manufacture and purchase of military, naval and air armaments during the coming financial year was accepted by all the delegates except the British and the Italians; and another clause providing for returns to show 'the quantities of the articles . . . the putting into manufacture or the purchase of which' was proposed, was adopted subject to reservations by the Swiss, Polish and Swedish delegations¹ as well as by the British and the Italians.

A number of amendments on minor points were also moved by the delegates of various countries and incorporated into the committee's report. Although the points of difference which remained outstanding at the conclusion of the committee's discussions were of a serious nature, it was also true that considerable progress had been made towards agreement on other matters which had been in controversy hitherto. Thus the principle of national responsibility for national control was now unanimously recognized, and agreement had also been reached in regard to the equal treatment of state and private manufacture. Moreover, the necessity for establishing systems of licensing and publicity under international supervision was not contested in any quarter, though agreement was still lacking on the nature of the systems to be set up. The experts who had taken part in the work were not dissatisfied with the results of their labours, since they felt that their report contained all the material that was necessary as a basis for the final decisions which could only be taken by the Governments.² They expressed the hope that their

¹ The Swiss, Polish and Swedish members of the committee explained that they had no objection in principle to a system of 'preliminary quantitative publicity', and they reserved their attitude merely 'in view of the opposition to this system by the delegations of certain important states'.

There was less support for supplementary proposals relating to returns of orders received by private and state manufacturing establishments and to preliminary notice of the putting in hand of the manufacture of certain important categories of munitions.

² In the opinion of some competent judges, indeed, the report of the Committee on Trade and Manufacture was of greater permanent value than any other document produced by the Disarmament Conference and its committees, and was likely to provide the starting-point for any fresh attempt that might be made to come to an agreement for the limitation of armaments. It may be noted that the principle of 'previous notification' was taken up at the London Naval Conference in December 1935, and formed the basis of the tripartite agreement of March 1936. (This will be dealt with in the *Survey for 1936*.)

work, 'the final success of which' depended 'exclusively on the solution of a few questions of principle', might be 'completed in the near future, especially if the general political situation' were to become clearer.

Unfortunately, as the year 1935 went on its way, the clouds which could be seen on the political horizon when the committee drafted its report in April rapidly spread until they covered the whole sky, and in this atmosphere of storm and stress no further attempt was made to solve 'the few questions of principle' which had stood in the way of an agreed convention for the control of the manufacture of, and traffic in, arms. Thus, even in this sphere, the Disarmament Conference failed to produce an immediate concrete result. None of the committees of the Conference were convened during the second half of 1935. In August there was talk of a meeting of the Bureau in September, but when September came no meeting was arranged, and the League Assembly at its sixteenth session refrained once more from appointing a Disarmament Committee.

The gradual fading away of the Disarmament Conference absolved the statesmen of the world from attendance at a painful death-bed scene, but by the autumn of 1935 they were hard put to it to maintain the official fiction that the case was merely one of suspended animation.¹ The realities of the situation were symbolized in the action of the American Government, who announced on the 14th September their decision to close the offices of their delegation at Geneva and reduce the delegation to one man. A few weeks later the announcement of the death of Mr. Arthur Henderson on the 20th October, 1935, brought

¹ The Conference was deprived of a death-bed, but it did not lack an epitaph. A few weeks before his death Mr. Henderson completed a 'Preliminary Report' on the work of the Conference, in which he described the work that had been done on all the various questions which had come within the scope of the Conference and summed up such conclusions as had been reached. In his introduction to this report, Mr. Henderson attributed the failure of the Conference to the lack of adequate political preparation as well as to the political complications which arose after the Conference had begun its work. He referred to a

series of events which weakened the faith of the nations in the efficiency of a system of peace and security embodied in the Covenant. Some of these events, located in Europe, hampered the early progress of the League. Others, which took place in South America or the Far East, had a more direct bearing on the destinies of the Conference in that they happened just prior to its meeting. Nor were the internal political changes which occurred in certain states calculated to smooth the path of the Conference, as, whatever their intrinsic merits, they were felt by some countries to constitute a threat to the system of security which they were anxious to establish. All these events, creating as they did a general uneasiness, struck at the roots of mutual confidence between nations and troubled the atmosphere of the Conference from the very start.

home to a vast public all over the world the bitter realization that the Conference over which he had presided had also passed out of existence. The committees and sub-committees, the experts and the *rapporteurs*, had toiled in vain; their voluminous reports, the texts which they had drafted and redrafted, had merely been filed away 'for future reference'; and in the absence of agreements for the organization of security and for the reduction or limitation of arms and munitions, a new armaments race had already begun. The Governments might protest that they still laboured for peace, but they could not hide from the world the fact that they were making them ready to battle.

(iv) The Project for an East European Pact of Mutual Assistance (1934-5)

The project for a pact of mutual assistance between certain states in Eastern Europe which took definite shape after an interview between MM. Barthou and Litvinov in May 1934 was a development, on a more extensive scale, of an idea which had already been put forward under French auspices in the year 1925 in connexion with the negotiations for a guarantee of the Rhineland frontier, which were successfully concluded at the Locarno Conference.¹ If the French Government had had their way, the Rhineland Pact would have been indissolubly linked with agreements guaranteeing the eastern frontiers of Germany, and Great Britain would have acted as guarantor of the whole system.² This plan had to be abandoned because the British Government refused to undertake liabilities in Eastern Europe, and the proposed collective system was replaced by bilateral treaties of mutual guarantee between France and Poland and France and Czechoslovakia, and by bilateral treaties of arbitration, judicial settlement and conciliation between Germany and Poland and Germany and Czechoslovakia.

The French Government's experience in the year 1925 convinced them that it was useless to expect Great Britain to help in maintaining the stability of Eastern Europe, but it did not cause them to abandon the hope of fortifying the security of France's eastern allies as a contribution towards the security of France herself. For some years, however, the idea of a regional security pact in Eastern Europe was relegated to the background, while the attention of successive French Governments was concentrated on security schemes of a

¹ See the *Survey for 1925*, vol. ii, Part I A, sections (ii) and (iii).

² *Op. cit.*, p. 34.

more general kind.¹ It was not until after the work of the World Disarmament Conference had been interrupted by the withdrawal of Germany in October 1933² that the possibility of an 'Eastern Locarno' came under consideration again. During the winter of 1933-4 negotiations took place with the object of finding a basis for a return of Germany to the Disarmament Conference and for the resumption of attempts to achieve a general limitation of armaments,³ and in the course of these negotiations the German Government made a definite offer to conclude bilateral pacts of non-aggression with any or all of Germany's neighbours. It appeared, however, that this was as far as Germany was prepared to go in the direction of helping to organize a system of collective security.⁴

The negotiations with Germany were still in progress when, in February 1934, Monsieur Daladier's Government fell and Monsieur Doumergue took office in France with Monsieur Barthou as his Foreign Minister. The significance of this change of control at the Quai d'Orsay has been indicated in the preceding volume of this series,⁵ and it will be sufficient here to recall that Monsieur Barthou lost no time in making clear to the world his belief that the menace of a resurgent Germany could best be met by a return to the policy of alliances which France had adopted, under Monsieur Poincaré's leadership and with Monsieur Barthou's assistance, in the years immediately following the lapse of the British and American treaties of guarantee to France. In the middle of April Monsieur Barthou broke off the negotiations for the return of Germany to the Disarmament Conference, on the ground that the progress of German rearmament—the extent of which had been revealed in the recently published German estimates—made such negotiations fruitless.⁶ Thereafter he proceeded to throw all his energies into an attempt to build up a system of defence against Germany based, in the first place, on the existing alliances between France and certain Eastern European countries.

¹ For the 'Briand Plan' for a Federal Union of Europe, see the *Survey for 1930*, Part II A. For the French insistence on 'security first' at the sessions of the Preparatory Commission for the Disarmament Conference and of the Disarmament Conference itself, see the *Survey for 1928*, Part I A, sections (ii) and (iii); the *Survey for 1929*, Part I A, section (ii); the *Survey for 1930*, Part I, section (iv). For the French memorandum of November 1932, in which the suggestion was put forward that the states of the world should be organized in concentric circles for purposes of security, see the *Survey for 1932*, pp. 270-6.

² See the *Survey for 1933*, Part II, section (iii), pp. 305 *seqq.*

³ See the present volume, section (ii) of this part.

⁴ See pp. 6-8, above.

⁵ See the *Survey for 1934*, pp. 339-40, and 386-7.

⁶ See pp. 25-8, above.

The Rumanian Foreign Minister, Monsieur Titulescu, had arrived in Paris on an official visit the day before the French note of the 17th April had been despatched, and in his conferences with Monsieur Barthou and other Ministers he was understood to be acting as the spokesman of the Little Entente as a whole. No sooner had Monsieur Titulescu left Paris than Monsieur Barthou himself set out on a visit to Warsaw and Prague, in order to test the validity of the bonds which united France with Poland and with Czechoslovakia and to explore the possibility of creating a new system of security. In the case of Czechoslovakia the success of Monsieur Barthou's mission was not in doubt, for recent European developments had only deepened Czechoslovakia's attachment to France.¹ Monsieur Barthou was therefore sure of a warm welcome in Prague, which he visited on the 26th-27th April, and he and Dr. Beneš established without difficulty the complete unanimity of their views on the questions which they discussed.

In Warsaw, which Monsieur Barthou had visited on the 22nd-24th April, his task had been much more difficult, for Franco-Polish relations, unlike the relations between France and Czechoslovakia, had undergone a marked change for the worse since the establishment of the Nazi régime in Germany.² The Polish *refroidissement* towards France which accompanied the *rapprochement* between Poland and Germany was a matter of special concern to the new French Foreign Minister, who had himself been one of the signatories of the Franco-Polish Treaty of the 19th February, 1921; and his desire to reanimate the old friendship had been stimulated by an event that had taken place just before the change of Government in France: the signature on the 26th January, 1934, of a declaration in which the German and Polish Governments recorded their 'intention to reach direct understanding on problems concerning their mutual relations' and their decision 'in no case', during a period of ten years, to 'have recourse to force in order to settle . . . questions under dispute'.³

The implications of this agreement so far as Franco-Polish relations

¹ See the *Survey for 1934*, pp. 331-5.

² For the Polish reaction to the change in Germany see the *Survey for 1933*, pp. 183-8, and the *Survey for 1934*, pp. 327-8, 340 *seqq.*

³ The text of the declaration will be found in *Documents on International Affairs, 1933*, pp. 424-5. Its terms had been foreshadowed in a *communiqué* which had been issued after the Polish Ambassador had had an interview with Herr Hitler on the 15th November, 1933. This had recorded the intention of the German and Polish Governments 'that all questions affecting the two countries should be dealt with by way of direct negotiations, and further that, in the interests of peace in Europe, both should renounce the use of force in their mutual relations'. (Text of the *communiqué* in *op. cit.*, p. 424.)

were concerned were underlined in the German press, which rejoiced openly at the breach that had been effected in the French system of alliances; and although the news that the agreement had been signed was received with outward calmness in France, the need for reassurance on the subject of Poland's future policy was widely felt. From this point of view the results of Monsieur Barthou's visit to Warsaw could hardly be considered satisfactory. It was true that his public reception was cordial, and that the official *communiqué* which was issued after his conversations with Colonel Beck and Marshal Pilsudski declared that it had been

determined above all else that the basis of the alliance between Poland and France rests absolutely immutable and that this alliance constitutes an element eminently constructive in European politics.

Against this formal affirmation of Franco-Polish friendship had to be set the determination of Monsieur Barthou's hosts to make it clear that Poland must no longer be considered in any sense as a dependent of France, and that her foreign relations would be conducted on the lines which seemed to her rulers to be best suited to her own needs. Moreover, Monsieur Barthou's hopes of building up an anti-German front must have been still further discouraged if the report was true which said that Colonel Beck and Marshal Pilsudski had refused even to discuss the recent recrudescence of hostility between Poland and Czechoslovakia.¹

In his plans for the consolidation of France's relations with Eastern European countries Monsieur Barthou had to take account of one vitally important change which had taken place in the scene since his previous tenure of office—the entry of the U.S.S.R. into the French camp and her appearance as a probable candidate for admission to membership of the League of Nations. The causes of this transformation and the processes by which it was carried into effect have been described in earlier volumes,² where some account will also be found of the network of non-aggression treaties³ with which the Soviet Government had surrounded themselves. On the 21st November, 1932, a treaty of this kind had been concluded between the U.S.S.R. and France,⁴ and the Soviet Government—who, under the pressure of developments in Germany and in Japan, had come to share French views on the paramount need for the

¹ See the *Survey for 1934*, pp. 333–4, and the present volume, section (vii) (e) of this part.

² See the *Survey for 1933*, pp. 174 *seqq.*; the *Survey for 1934*, pp. 326–7, 381 *seqq.*

³ See the *Survey for 1933*, pp. 181–3; the *Survey for 1934*, pp. 379, 381.

⁴ See the *Survey for 1934*, pp. 382–3.

better organization of security—had subsequently indicated that they would be glad to enter into still closer relations with the French Government. An exchange of views on general questions took place in Paris during the summer of 1933, and when Monsieur Herriot visited Russia in August and September 1933¹ suggestions for a Franco-Russian pact of mutual assistance were said to have been made to him and to have met with his approval. The question of closer collaboration between France and Russia was discussed in Geneva in the early autumn between Monsieur Paul-Boncour and Monsieur Dovgalevski, and again between Monsieur Paul-Boncour and Monsieur Litvinov on the 31st October, when the Russian Commissar for Foreign Affairs paid a short visit to Paris. The French Foreign Minister was reported² to have made it clear that Franco-Russian collaboration was only possible within the framework of the Covenant of the League of Nations, and to have suggested that the Soviet Government should apply for admission to membership of the League. Diplomatic conversations between the French and Russian Governments were resumed in December, but they were interrupted by the political crisis in France, which brought Monsieur Barthou to the Quai d'Orsay in February 1934.

Meanwhile, at the end of 1933, the Soviet Government had attempted to throw up an additional outwork in the west in the shape of a joint Polish-Russian guarantee of the Baltic states against the danger of aggression from Germany.³ The break-down of this project had been followed almost immediately by the signature of the German-Polish declaration of the 26th January, 1934—an event which did not tend to allay Russian apprehensions in regard to the nature of Germany's eastern policy.⁴ These apprehensions were sharpened still further when, in March 1934, a revised proposal, by which Germany herself would have shared in the guarantee of the

¹ *Op. cit.*, p. 385.

² See the report which was submitted by Monsieur Henry Torrès, on behalf of the Foreign Affairs Commission, to the French Chamber just before the debate on the ratification of the Franco-Russian Pact which began on the 11th February, 1936. This report, which was published in full in the *Journal des Nations* of the 10th, 11th, and 12th February, contained a full account of the antecedents and negotiation of the pact as well as a detailed analysis and interpretation of its provisions. Extracts from it are published in *Documents on International Affairs, 1935*, vol. i, pp. 119-35.

³ See the *Survey for 1934*, pp. 410-11.

⁴ In commenting on the German-Polish declaration, the *Izvestia* welcomed the agreement in so far as it might prove to be a contribution to East European peace, but asked whether Germany would not expect some compensation for her voluntary renunciation of designs on the Polish frontier, and, if so, at whose expense the compensation was likely to be sought.

Baltic States, was rejected by the German Government.¹ This rebuff was still fresh in Monsieur Litvinov's mind when, on the 18th May, 1934, he arrived unexpectedly in Geneva (where the Council of the League of Nations was in session) and sought an interview with Monsieur Barthou, who had himself returned three weeks earlier from his only partially successful tour in Eastern Europe.

In their conversation the Foreign Ministers of France and of the U.S.S.R. were understood to have discussed once more the question of Russia's admission to membership of the League of Nations and to have decided to take active steps for the promotion of a project for an East European Pact of Mutual Assistance. According to the reports which were published in the press at the time, Monsieur Litvinov laid before Monsieur Barthou a proposal which drew its inspiration, in part, from the French plan of November 1932 for the organization of states in 'concentric circles'.² Monsieur Litvinov was said to have contemplated the establishment of three interlocking circles: the first circle would consist of France, the U.S.S.R., Poland, the Little Entente states and the Baltic states, who would conclude a pact of mutual assistance which would remain open for the adherence of other European states; the second circle would comprise states with Mediterranean interests; while the third would cover the Pacific, and the arrangement contemplated would be something in the nature of a 'Naval Locarno' between Great Britain, the United States and, if possible, Japan. The first part of this plan was in harmony with Monsieur Barthou's own views, and it served as the starting-point for prolonged international negotiations; but the third part was dropped almost immediately, and the second part also soon fell into the background. The French Government were not directly interested in the Pacific naval problem; and, although France had attached great importance at one time to the idea of a Mediterranean Pact,³ the project seemed of less importance in the year 1934, when a settlement of Franco-Italian differences was in sight.⁴ Accordingly Monsieur Barthou preferred to concentrate on the more pressing problem of the organization of security in Eastern Europe. A plan for a pact of mutual assistance was worked out in detail at the Quai d'Orsay, and early in June Monsieur Litvinov had another interview with Monsieur Barthou and gave his approval to the French proposals.

¹ See the *Survey for 1934*, p. 412.

² See the *Survey for 1932*, pp. 275-6.

³ See the *Survey for 1930*, pp. 13, 34, 53, 54.

⁴ See section (v) of this part of the present volume.

If the reports of the conversation between MM. Barthou and Litvinov on the 18th May which found their way into the press were correct, Monsieur Litvinov had not originally contemplated the inclusion of Germany among the signatories of the Eastern Pact; but in the middle of June, when Monsieur Litvinov was on his way back to Moscow after attending sessions of the Bureau and the General Commission of the Disarmament Conference at Geneva,¹ he broke his journey in Berlin in order to ascertain what attitude the German Government would take up if they should be invited to adhere to a pact of mutual assistance. A similar *démarche* had already been made by the French Ambassador in Berlin, and on both occasions the German answer seems to have been discouraging, without amounting to a definite refusal to consider the project if and when it assumed a more concrete shape.

The plan had already been brought to the notice of the Foreign Ministers of Poland and Czechoslovakia in Geneva at the beginning of June, and it was also broached in Rome and in London during the same month.² It met with a definitely hostile reception from the Italian Government; and, in the course of conversations which took place at Venice on the 14th and 15th June,³ Signor Mussolini and Herr Hitler were reported to have found themselves in accord in their dislike of regional agreements which resembled alliances. The British Government were able to reserve their judgment on the proposal pending the arrival in London, early in July, of Monsieur Barthou, who had accepted an invitation to become the guest of the British Government—an invitation which had been conveyed to him at Geneva, where a temporary strain in Franco-British relations had been brought about by a difference of opinion on the question of whether the efforts to achieve a general agreement for the limitation of armaments should be pursued in existing circumstances.⁴ Before he crossed the Channel the indefatigable Monsieur Barthou made another journey in Eastern Europe. His visits to Bucarest and to Belgrade between the 20th and 26th June were almost in the nature of a triumphal progress,⁵ which was not disturbed by any difference of opinion on the Eastern Pact project or on the other

¹ See pp. 36-42, above.

² The memorandum of the 27th June, 1934, in which an outline of the project was communicated to the British Government, is printed in the British Blue Book: *Correspondence showing the course of certain Diplomatic Discussions directed towards securing an European Settlement* (Miscellaneous No. 3 [Cmd. 5143] of 1936).

³ See the *Survey for 1934*, p. 468.

⁴ See p. 43, above.

⁵ See the *Survey for 1934*, pp. 348-9.

questions that came under discussion. In the French plan, indeed, any idea that Rumania and Jugoslavia might participate directly in the pact had been dropped, and it was proposed that Czechoslovakia alone of the three states members of the Little Entente should be a signatory.

The plan as it emerged after the discussions between Monsieur Barthou and Sir John Simon in London on the 8th and 9th July provided that the U.S.S.R., Germany, Poland, Czechoslovakia and the Baltic states should enter into a pact by which they would give a pledge of mutual assistance, and would undertake on the one hand to withhold support from any signatory who might be guilty of aggression and on the other hand to consult and concert measures in support of any signatory who might be the victim of aggression. France would not be a signatory of the general pact, but she would conclude a separate pact of mutual assistance with Russia. By this pact the signatories would undertake to give each other immediate aid in the event of aggression, within the limits imposed by the obligations of the Covenant of the League of Nations. It was suggested¹ that, if Germany would agree to become a party to this complementary treaty, its terms should include an undertaking by France to assist Germany if the latter should be the victim of Russian aggression, and an undertaking by Russia to come to the aid of Germany in the event of a breach of the Locarno Treaty by France. This tripartite agreement for assistance against aggression between France, Germany and the U.S.S.R., which would be concluded simultaneously with the general Eastern Pact, would link up the new system with the arrangements for the guarantee of the Rhineland frontier which had been agreed upon at Locarno in 1925. Finally it was proposed that the Eastern Pact and the tripartite treaty of mutual assistance should be completed by a General Act, which would emphasize the pacific intention of the treaties and their compatibility with the rights and obligations resulting from the Covenant of the League of Nations.

A project on these lines² met with an unexpectedly favourable reception from the British Foreign Secretary. The British Government's benevolence was explained in part by the fact that there was

¹ The suggestion came from the British side. The outline of the plan communicated to the British Government on the 27th June, 1934, made no provision for the inclusion of Germany in the arrangements for mutual assistance between France and Russia.

² The possibility of concluding a Mediterranean Pact seems also to have been touched on in a general way during the London conversations, but the suggestion did not receive serious consideration as a practical proposition.

no suggestion that they should themselves undertake any additional commitments.

We have made it entirely plain from the beginning [Sir John Simon told the House of Commons on the 13th July, 1934] that, whatever may be the interest or encouragement which this country may be prepared to offer in this new pact, we are not undertaking any new obligation at all. That is quite clearly and definitely understood, and there is no possible question of challenge about it.

In the same speech Sir John Simon told the House that he had made it clear to Monsieur Barthou that British 'interest or encouragement' was dependent upon the fulfilment of one essential condition.

We could not in this country . . . lend any countenance, or any encouragement or moral support, to new arrangements between states in Europe which would be of a definitely selective character in the sense that they were building up one combination as against another. I made it my business in the discussions of the past two days, when Monsieur Barthou was here, to make that proposition entirely clear, and it is due to that distinguished French statesman to say that he accepted the proposition and confirmed it without any qualification at all. . . . If Russia is prepared to offer the same guarantee to Germany as she has now offered to France, and if France is prepared to offer the same guarantee to Germany as she has offered to Russia, then it does appear to me that any objection on the score that what is contemplated is not in the true sense a mutual guarantee is entirely met. That point, so far as discussion between Monsieur Barthou and myself is concerned, is completely established.

Thus a project which had worn at the outset the appearance of an attempt to organize an anti-German front had now been transformed—superficially at all events—into a proposal for the co-operation of Germany on an equal footing in an Eastern European system of security. On the 6th July, just before his departure for London, Monsieur Barthou had assured the Foreign Affairs Committee of the Chamber in Paris that the policy which had been under discussion in his recent journeys in Eastern Europe was 'neither exclusive nor aggressive' and that its purpose was not 'to build up one block of Powers against another'. Monsieur Barthou, of course, was not likely to overlook the possibility that the German Government might refuse to adhere to the pact and might thus set the other states concerned free to proceed with their arrangements independently of Germany; but, whatever his *arrière-pensées* may have been, he evidently thought it worth while to pay the price which the British Government asked in return for Great Britain's active support of the project as a whole.

The lengths to which the British Government were prepared to

carry their support of the Franco-Russian initiative came, indeed, as a general surprise. On the 12th July the British diplomatic representatives in Rome, Berlin and Warsaw called at the Foreign Offices in those capitals in order to explain 'the true character of this mutual guarantee pact' as it had 'emerged from the London conversations' and in order to urge that the Governments of Italy, Germany and Poland 'should do all in their power to secure the success of the negotiations'.¹ The British Ambassadors presented for consideration the draft text of three treaties: an Eastern European Pact of Mutual Assistance; a bilateral agreement between France and Russia, which might be converted into a tripartite agreement by the adhesion of Germany; and a covering convention linking up the Eastern Pact with the Locarno Pact and the Covenant of the League of Nations. In Rome the response to this *démarche* was immediate and favourable. The hostile attitude of Italy towards the original proposal had been due to a conviction that it was directed against Germany, and the provision for complete mutuality in the plan as it now stood at once removed this objection. On the 13th July Sir John Simon received a communication from Rome in which he was assured that the attitude of Italy was 'similar to that of the United Kingdom' and that, 'on the clear understanding that the Eastern Pact of mutual guarantee' did 'not imply any fresh engagement on her part', Italy would 'regard with sympathy proposals which were on a basis of absolute reciprocity between all the countries concerned'.

In Germany and Poland the British *démarches* were received with reserve, and a considerable period elapsed before either of the Governments concerned returned a definite answer. Press comment in both countries hitherto had been decidedly unfavourable to the proposal for an Eastern Pact, and the fact that the British Government were now recommending the proposal for acceptance did little to remove German and Polish objections. The two countries agreed in taking the view that their security was sufficiently guaranteed by the bilateral treaties of non-aggression or arbitration which they had concluded with neighbouring countries²—most notably, of course,

¹ Sir John Simon in the House of Commons on the 13th July, 1934.

² Poland had concluded a treaty of non-aggression with the U.S.S.R. on the 25th July, 1932, and this had just been renewed (on the 5th May, 1934) for a period of ten years. Between Germany and the U.S.S.R. ratifications had been exchanged in May 1933 of a protocol prolonging a conciliation agreement which had been signed on the 25th January, 1929, and a treaty of friendship and neutrality which dated from the 24th April, 1926. Arbitration agreements between Germany and Czechoslovakia and Poland and Czechoslovakia had been concluded in 1925. In November 1933 the German Government had suggested the negotiation of a treaty of non-aggression with

by the latest addition to the series: the German-Polish agreement of the 26th January, 1934—and that the more complicated system now proposed could only add to their obligations without giving them corresponding advantages. In particular, both Germany and Poland feared that, if they accepted the pact for mutual assistance and an occasion arose for applying its terms, they would be obliged to permit the passage of foreign troops across German or Polish territory, thus increasing the risk that fighting would take place on German or Polish soil. The attitude of both Germany and Poland was also coloured by the fact that the list of proposed signatories of the pact included Lithuania, with whom both of them had unsettled disputes;¹ and Poland also felt a similar though less serious difficulty in the case of Czechoslovakia.² Poland, moreover, had an uneasy suspicion that her ambition to secure general recognition as a Great Power³ would encounter an additional obstacle if Russia's position in Europe were strengthened by the conclusion of the Eastern Pact and by her admission to membership of the League of Nations.⁴ In Germany—where reluctance to enter into an agreement which would tie the Government's hands in the matter of expansion eastwards was not a motive which was likely to be publicly avowed—there were references to that article of the Nazi creed which held that it was Germany's mission to act as the bulwark of the West against the Communist flood. An additional obstacle, from the German point of view, arose out of a question of procedure. The German Government were determined that a formal recognition of Germany's equality of rights in armaments must be a condition of any general settlement, and the first question which they asked themselves in connexion with the project for an Eastern Pact was whether the project was likely to help or to hinder the attainment of their paramount aim. This was a point, however, on which the French co-author of the project did not speak with the same voice as its British sponsor.

Sir John Simon had explained the British Government's views on this question when he made his report on his conversations with Monsieur Barthou to the House of Commons on the 13th July, 1934.

Czechoslovakia, but Dr. Beneš had declined the offer, on the ground that there was no specific controversy between Germany and Czechoslovakia and that the arbitration treaty of 1925 and the General Pact of Paris of 1928 (the Kellogg Pact) provided adequate guarantees (see p. 289, below).

¹ See the present volume, section (vii) (c) and (vii) (d) of this part.

² See the present volume, section (vii) (e) of this part.

³ See the *Survey for 1933*, pp. 184, 185, 206, 218.

⁴ For the Polish attitude on the question of Russia's membership of the League see the *Survey for 1934*, pp. 395-6.

If [he said] there is going to be brought about by this new Russo-French initiative a new pact of mutual guarantee in which Germany is going to be included, it would appear to His Majesty's Government extremely necessary to realize that the conclusion of such a pact and Germany's participation in this system of reciprocal guarantees that would be given . . . would afford the best ground for the resumption of negotiations for the conclusion of a convention such as would provide for a reasonable application of the principle of German equality of rights under a régime of security for all nations. . . . It appears to His Majesty's Government . . . that we ought not to allow this occasion which has emerged, principally through the consideration of problems of security, to pass without endeavouring to take advantage of it for the immediate purpose of promoting the objects for which the Disarmament Conference was called, and I am very happy to be able to tell the House that . . . the French Government agree with His Majesty's Government in holding that view, and have authorized me to make that communication as being a communication of their view to the German Government.

The importance of linking up the question of armaments with the project for an Eastern Pact was also emphasized by Signor Mussolini. In his communication of the 13th July to Sir John Simon, in which he expressed sympathy with the new proposals, he took care to add that

this is particularly the case when such proposals offer fresh possibilities in the field of a limitation or reduction of armaments and as regards the implicit recognition of equality of rights.

Two days later, however, Monsieur Barthou made a speech at Bayonne which appeared to prove that his interpretation of the understanding which he had reached with Sir John Simon differed from that statesman's own version.

À aucun moment [declared the French Foreign Minister] je n'ai rien eu à aliéner des intérêts français. Si l'on m'avait demandé de négocier le désarmement pour obtenir la conclusion du pacte de l'Est, je n'aurais pas admis un parallélisme que rien ne justifiait Que des négociations puissent s'ouvrir comme une conséquence à la réalisation des pactes régionaux, oui, mais qu'elles puissent s'engager comme une condition à ces pactes régionaux, je dis nettement: Non!

It was not surprising if Monsieur Barthou's emphatic reassertion of French insistence on 'security first' carried more conviction than the British assurances to German minds. It looked as though the German Government must either give way on the fundamental point of their foreign policy and consent to the question of Germany's equality of rights taking second place; or they must incur the risk that the menace of the *Einkreisung* would become a grim reality. This was evidently not a choice to be made without due deliberation,

and in deciding to play for time the German Government may also have reckoned on their ability to prevent the completion of the circle by exploiting Poland's dislike of the Eastern Pact project.

At the time of the British *démarche* in Warsaw Colonel Beck had already arranged to visit the capitals of Estonia and Latvia, and this journey, which took place in the last week of July,¹ gave the Polish Foreign Minister an opportunity to discuss the Eastern Pact with two of the proposed signatories. Any hope that Colonel Beck may have entertained of persuading these two Baltic states² to range themselves among the opponents of the project was doomed to disappointment. The Governments of Estonia and Latvia had been notified of the project at an early stage, but no details had yet been officially communicated to them. They were therefore able to take a non-committal line with Colonel Beck, and on the 27th July a joint statement issued at Riga by the Polish and Latvian Foreign Ministers announced that the Governments of Estonia, Latvia and Poland were agreed that they must await further information regarding the project before taking a decision on it. Colonel Beck had hardly arrived back in Warsaw, however, when the Estonian Foreign Minister set out for Moscow, where, on the 30th July, he issued a declaration affirming that his Government were favourably disposed towards the Eastern Pact project, but reserved their right to suggest amendments to the text. An identic declaration was issued simultaneously by the Latvian Minister to the U.S.S.R., and a few days later the Lithuanian Foreign Minister, who had followed his Estonian confrère to Moscow, announced in his turn that Lithuania would give her full support to the project.

Having failed to detach the Baltic states, the Polish Government showed great reluctance to state their own views on the pact in definite terms, and French pressure—culminating in an interview, which was reported to have been stormy, between Monsieur Barthou and Colonel Beck at Geneva on the 9th September—had not elicited a definite answer from Poland when, on the 10th September, a German note³ on the subject of the pact was communicated to the Governments of France, Great Britain, Italy and the U.S.S.R.

¹ See the *Survey for 1934*, p. 414.

² The nature of Polish-Lithuanian relations precluded any Polish attempt to influence Lithuania against the project, but it was significant that the Polish and Lithuanian Governments were making an attempt at this time, through unofficial channels, to come to terms with one another (see p. 276, below).

³ The English text of the note was published in the British Blue Book *Miscellaneous No. 3* [Cmd. 5143] of 1936, Document No. 3.

The German Government explained that they could not take part in a new international system of security or consider the question of Germany's return to the League of Nations so long as the question of their right to equality in armaments remained unsettled. As for the proposed Eastern Pact, Germany's position in the centre of a group of highly armed countries imposed special caution upon her, and she could undertake no engagement which might involve her in eastern conflicts and make her territory the seat of war. Germany could not expect to derive any advantages from the proposed special guarantees of France and Russia, and she saw no real need for such guarantees. The German Government felt that other methods of ensuring peace would hold out better prospects of success. In general, they preferred bilateral agreements, and while they did not reject the possibility of multilateral security pacts, they held that the principle underlying such pacts must be the obligation to refrain from attack rather than the obligation to intervene in case of war.

On the 27th September—the day on which the fifteenth session of the League Assembly broke up, after admitting the U.S.S.R. to membership¹ and listening to the Polish Foreign Minister's denunciation of the Polish Minorities Treaty²—the formal Polish reply to the proposal for an Eastern Pact was handed to Monsieur Barthou. The Polish Government followed the example of Germany in explaining their preference for bilateral agreements and their dislike of general undertakings which might have serious consequences for Poland without adding to her security. They did not actually refuse to adhere to the pact, but they attached conditions to their acceptance which were almost tantamount to refusal. They were said to have stipulated that all the interested states must take part, and that the obligations imposed by the pact must not be incompatible with existing engagements—in other words, that Poland would not enter the system if Germany remained outside it. They were also understood to have raised objections to any arrangement which would guarantee the frontiers of Lithuania and Czechoslovakia.

These replies from Germany and Poland, though undeniably discouraging, were not considered at the Quai d'Orsay entirely to exclude the possibility that agreement might yet be reached—at any rate with Poland; and at the beginning of October it was announced that the French Government intended to reopen the negotiations. No steps had yet been taken in this direction, however, when Monsieur Barthou fell a victim to the shots which killed King Alexander

¹ See the *Survey for 1934*, pp. 392 *seqq.*

² *Op. cit.*, pp. 396–8.

of Yugoslavia at Marseilles on the 9th October, 1934;¹ and his successor, Monsieur Laval, looked at the Eastern Pact from a somewhat different angle.

It is probable that Monsieur Barthou would have felt relieved rather than disappointed at a definitive German refusal to adhere to the pact, since that would have left him free to draw his iron circle—if necessary, round Poland as well as Germany. Monsieur Laval, on the other hand, showed a much greater inclination than his predecessor to come to terms with Germany, and in this connexion he made it clear that he regarded Germany's attitude to the Eastern Pact as the acid test of her sincerity.

Monsieur Laval's first step was to approach the Polish Government in the hope that Poland's opposition to the pact could be removed by a modification of its terms—in particular, by the incorporation into the pact, in some form, of existing obligations such as the Polish-German agreement.² Negotiations on these lines took place during November, and on the 4th December Monsieur Laval received Herr von Ribbentrop, the German Commissioner for Disarmament Questions. Monsieur Laval had also been in touch with Soviet representatives during November, but the next development lent colour to the report that Moscow felt some concern at the reopening of direct Franco-German negotiations. On the 5th December, 1934, MM. Laval and Litvinov (both of whom had returned once more to Geneva for the special session of the Council which was dealing with the question of the Saar) signed a declaration³ by which they recorded their Governments' determination to pursue the negotiations for the conclusion of the Eastern Pact and at the same time undertook not to enter into negotiations with third Powers which might possibly prejudice the conclusion of the pact without prior consultation with one another. Three days later, on the 8th December, the Czechoslovak Government announced their adherence to this agreement.

In the middle of January 1935 the eighty-fourth session of the League Council brought Monsieur Laval, fresh from his visit to Rome,⁴ to Geneva once again, and, in the usual informal discussions 'on the fringe' of the Council, the Eastern Pact played a large part.

¹ See the *Survey for 1934*, Part III D, section (ii).

² For the negotiations with Poland and the concessions offered by France to meet Polish views, see Monsieur Torrès's report on the pact (*Documents on International Affairs*, 1935, vol. i, pp. 122-4).

³ English text in the British Blue Book *Miscellaneous* No. 3, 1936, Document No. 4; French text in *Documents on International Affairs*, 1934, pp. 184-5.

⁴ See the present volume, section (v) of this part.

From the conversations which both Monsieur Laval and Monsieur Litvinov had with Colonel Beck it became clear that Poland's attitude towards the pact had not undergone any substantial change and the German reception of a new French note of the 16th January answering the points raised in the German note of the 10th September, was not such as to hold out any hope that Germany would undertake obligations of mutual assistance. In these circumstances Monsieur Laval seems to have given a definite pledge to Monsieur Litvinov and to Dr. Beneš (who was no less anxious than the Russian Foreign Minister to see the project carried through) that France would proceed with the plan for mutual assistance even if Germany and Poland refused to take part in it.

This was the situation with regard to the Eastern Pact at the end of January 1935, when Monsieur Laval accompanied Monsieur Flandin on a visit to London. The London conversations, and the new phase which they initiated in the negotiations for a settlement with Germany, are dealt with in another chapter of the present volume,¹ but it will be convenient in this chapter to follow up the history of the project for an Eastern Pact, which formed one item in the general negotiations.

In the official statement which was issued on the 3rd February, at the end of the Franco-British conversations, the British and French Ministers placed on record their belief

that nothing would contribute more to the restoration of confidence and the prospects of peace among nations than a general settlement, freely negotiated between Germany and the other Powers.

This settlement, the statement went on to explain,

would make provision for the organization of security in Europe, particularly by means of the conclusion of pacts, freely negotiated between all the interested parties, and ensuring mutual assistance in Eastern Europe and the system foreshadowed in the Rome *procès-verbal* for Central Europe.

By giving their approval to this declaration the French Ministers appeared formally to concur in the British Government's view that the Eastern Pact ought to form part of a comprehensive settlement with Germany and ought not to be put forward as a condition which must be fulfilled before negotiations on German armaments could begin. In reality, however, as was shown by their subsequent statements and actions,² the French Government still agreed with the Russian and Czechoslovak Governments in thinking that the

¹ Section (vi) of this part.

² See pp. 126-7, below.

Eastern Pact ought to be given priority and that it must on no account be subordinated to other items of the programme on which Germany showed a greater readiness to come to terms. This question of procedure appeared to have been settled more or less satisfactorily at the end of February, when the German Government agreed that the Anglo-German conversations, which were to form the next stage in the negotiations, should cover all the points raised in the Anglo-French declaration of the 3rd February.

Before the Anglo-German conversations actually took place,¹ however, one of the points on which negotiations had been expected had been removed from the programme by the action of the German Government, who issued a proclamation on the 16th March announcing the reintroduction of conscription in Germany.² Since this proclamation was equivalent to a unilateral declaration of German equality in the matter of armaments, and since Germany had previously refused to negotiate on the Eastern Pact until the question of her equality had been settled, it might have been expected that the German Government's high-handed action would at least improve the prospects for an agreement in Eastern Europe.

In fact, however, the German Government's dislike of the project for a pact of mutual assistance proved to be as strong as ever. Their point of view had been explained to Monsieur Laval by the German Ambassador in Paris on the 2nd March; and when Sir John Simon and Mr. Eden visited Berlin on the 24th-26th March,³ Herr Hitler showed no sign of yielding in his definite refusal to enter into engagements for mutual assistance. The principal difficulty, according to the Führer's exposition of the case, arose out of the Nazi attitude towards Communism, which made it impossible for the Third Reich to contemplate any arrangement which might involve German assistance to Soviet Russia. A secondary difficulty was the situation in Memel;⁴ and while Herr Hitler reiterated his willingness to conclude pacts of non-aggression with his neighbours, he expressly excluded Lithuania from this offer until the dispute over Memel should have been settled to Germany's satisfaction.

For some time past there had been indications that Germany might be prepared to consider adherence to an Eastern Security Pact if the provisions for military assistance were dropped, and during the visit of Sir John Simon and Mr. Eden to Berlin a German counter-

¹ For the postponement of Sir John Simon's visit to Berlin and its reason, see the present volume, pp. 132 *seqq.*, below.

² See pp. 141 *seqq.*, below.

³ See pp. 146 *seqq.*, below.

⁴ See the present volume, section (vii) (c) of this part.

proposal on these lines was definitely put forward. The German Government's proposal was formulated in the following note, which was handed to Sir John Simon by Herr von Neurath on the 26th March, 1935.¹

In the opinion of the German Government, the Powers interested in East European questions might, following up the fundamental ideas of the Kellogg Pact, conclude a pact on the following basis:

(1) The contracting Powers agree not to resort to aggression or to force in any form against one another.

(2) The contracting Powers agree to conclude among themselves, as far as they have not yet done so, treaties of arbitration and conciliation providing for an obligatory procedure of arbitration in the case of disputes of a legal nature, and for a procedure of conciliation with a view to arriving at an amicable settlement in matters of political conflicts.

(3) If, nevertheless, one of the contracting Powers believes itself to be threatened with aggression or with the employment of force on the part of another contracting Power, then, on the demand of the Power in question, a conference of the representatives of the Governments of all contracting Powers will immediately be convened, in order to deliberate on the situation and, if necessary, on the steps to be taken for the maintenance of peace.

(4) If, in spite of the above agreement, hostilities should break out between any two contracting Powers, the other contracting Powers engage not to support the aggressor in any way, neither economically nor financially nor in a military way.

(5) The pact is to be concluded for a period of ten years, with the possibility of extension for a further period.

In reply to a question from the British side whether the offer of German adherence to a pact on these lines would still hold good if other signatories of the pact should come to arrangements between themselves for military assistance in case of aggression, Herr Hitler merely reiterated his dislike of agreements for mutual assistance and his belief that they were indistinguishable in practice from the pre-war type of military alliance directed against a third Power.²

The outcome of the discussions on the Eastern Pact in Berlin was not made public until the 9th April,³ but it was communicated before that date to the Governments of the U.S.S.R., Poland and Czechoslovakia by Mr. Eden, whose journey was extended as far as Moscow as a result of an invitation which had been conveyed by the Russian Government to the British Government at the end

¹ Text in the British Blue Book *Miscellaneous No. 3* of 1936, Document No. 9.

² See p. 148, below.

³ By Sir John Simon in the House of Commons at Westminster. See pp. 147-8, below.

of February.¹ The Russian Government had shown a good deal of concern at the time of the Anglo-French declaration of the 3rd February, 1935, lest the project for an Eastern Pact should not be given due prominence in the negotiations for a comprehensive settlement,² and Mr. Eden's conversations with Monsieur Litvinov and Monsieur Stalin in Moscow on the 28th-31st March³ left him in no doubt as to the importance which the Soviet Government attached to some kind of arrangement for mutual assistance. The fear and dislike of Russia which had been so forcibly expressed in Berlin found their counterpart in the sentiments of Mr. Eden's Russian hosts towards Germany; and it was evident that Herr Hitler's definite refusal to adhere to a pact of mutual assistance, following close upon the unilateral declaration of German rearmament, had confirmed Russian suspicions that the German Government meant at all costs to keep the way open for expansion in the east.

The official *communiqué*⁴ on the Russo-British conversations made no mention of the German counter-proposal for a 'demilitarized' pact, but it recorded the agreement of the British and Russian Ministers

that in the present international situation it was more than ever necessary to pursue the endeavour to promote the building-up of a system of collective security in Europe as contemplated in the Anglo-French *communiqué* of the 2nd February and in conformity with the principles of the League of Nations.

The determination of the Soviet Government to secure a pact of mutual assistance, with or without the participation of Germany and Poland, was reflected in the next paragraph of the *communiqué*, which declared that the Russian Ministers had

emphasized in the conversations . . . that the organization of security in Eastern Europe and the proposed pact of mutual assistance do not aim at the isolation or encirclement of any state but at the creation of equal security for all participants, and that the participation in the pact of Germany and Poland would therefore be welcomed as affording the best solution of the problem.

¹ See p. 130, below.

² On the 21st February notes from the Soviet Government had been received in Paris and in London in which the view was expressed that the conclusion of regional pacts was an essential element in the organization of security in Europe. During February and the greater part of March, the Soviet press had been strongly critical of British foreign policy, and this campaign, which had been kept up almost until the eve of Mr. Eden's arrival, was in strong contrast with the enthusiastic welcome which he received.

³ For a fuller account of these conversations, see pp. 149-51, below.

⁴ The *communiqué* is quoted in full on p. 151, below.

When Mr. Eden reached Prague on his way home, on the 4th April, he found that the views of the Czechoslovak Government did not differ in any essential particular from those of the Soviet Government. In Warsaw, on the other hand, where he had spent the first three days of April, the Polish Government had explained to him the difficulties which prevented Poland from accepting the proposed system of mutual assistance. Colonel Beck and Marshal Pilsudski were reported to have indicated Poland's readiness to take part in an arrangement on the lines of the German counter-proposal, but to have made it clear that, in the interests of the maintenance of Polish integrity, they could not contemplate entering into an undertaking which might involve Poland in armed conflict with either of her powerful neighbours.¹

The final result of Mr. Eden's tour, so far as the project for an Eastern Pact was concerned, was thus to show that Germany and Poland were determined not to sign a pact with their neighbours which provided for mutual military assistance, while Russia and Czechoslovakia were equally determined that some kind of arrangement for mutual assistance was indispensable to their security. There was evidence that Russia and Czechoslovakia would not be opposed to the German plan for a 'demilitarized' pact of non-aggression, consultation and non-assistance to the aggressor, provided that it was supplemented by an agreement for mutual assistance between those states which desired to enter into such an agreement; but it was not clear whether the German offer would hold good if a pact of mutual assistance were concluded by some of the signatories of the pact of non-aggression.

In these circumstances it was not surprising that the conclusion of Mr. Eden's journey should have coincided with an intensification of Russian pressure upon France to conclude a bilateral treaty of mutual assistance in default of, or in anticipation of, a general Eastern Pact. The French Foreign Minister had accepted an invitation to visit Moscow before Sir John Simon and Mr. Eden went to Berlin, but he was apparently somewhat reluctant to commit himself definitely to an arrangement which might have the appearance of an alliance directed against Germany. Nevertheless it was announced on the 9th April that the French and Russian Governments had agreed in principle to conclude a convention for mutual assistance, and that the signature of the agreement was expected to take place in Moscow in the near future. It was made known at the same time that a similar agreement between Czechoslovakia and Russia was also under negotiation,

¹ See also p. 152, below.

and that the Soviet Government had made overtures in the same sense to the Baltic states.¹

This announcement was made on the very eve of the opening of the Conference between France, Great Britain and Italy at Stresa, which was to consider the situation created by the German proclamation of the 16th March and to examine the possibilities of proceeding, in this changed situation, with the programme which had been outlined in the Anglo-French declaration of the 3rd February, 1935.² Since the Eastern Pact was one of the items on the agenda for the Stresa Conference, the British and Italian Governments had hardly expected the discussions to be forestalled by the announcement of a virtual *fait accompli*. The news that negotiations for mutual assistance agreements, excluding Germany and Poland, were already well advanced convinced the British delegates at Stresa that it was necessary to remove the uncertainty whether the German offer of a 'demilitarized' pact was contingent on the abandonment of the idea of mutual assistance arrangements between the other signatories. Accordingly inquiries on this point were made by the British Ambassador in Berlin, and on the 12th April Sir John Simon was able to tell the Stresa Conference that the German Government had agreed, though with some reluctance, not to withdraw their offer to join in a pact of non-aggression on account of the negotiations for mutual assistance. The German attitude was defined in a communication which was despatched to Stresa on the 12th April and was issued to the press in Berlin on the 14th April.³ In this statement the German Government declared that, while they were unable to adhere to a pact containing 'military obligations as an essential element of its contents and therefore of its existence', they could not be prevented by such agreements from concluding, on their side, pacts of non-aggression. At the same time they pointed out that

the amplification of pacts of non-aggression and no-force pacts . . . through agreements for military assistance rests upon an inherent contradiction. Either one believes in obligations which have been freely undertaken or one does not believe in them. If one believes in them, the necessity of such military agreements is not apparent. But if one doubts

¹ In the middle of May the Baltic states were reported to have refused to adhere to a pact of mutual assistance of which Germany was not a signatory, but in a *communiqué* issued at the end of the second Baltic Conference (which took place at Kaunas (Kovno) on the 6th-8th May) they reaffirmed their acceptance of the principle of regional security agreements and their readiness to take part in such agreements.

² For the Stresa Conference see the present volume, pp. 151-61, below.

³ Text in the British Blue Book *Miscellaneous No. 3* of 1936, Document No. 12.

the sincere fulfilment of a non-aggression obligation, this doubt is equally justified in regard to the proper fulfilment of the amplifying military obligations of such peace pacts.

While German disapproval of agreements for mutual assistance was thus expressed with force, the essential fact remained that Germany was still prepared to enter into a general agreement for non-aggression, and if subsidiary difficulties, such as that relating to Memel, could be removed, the way seemed to be open for the establishment of a system of security in Eastern Europe under which all the signatories (including Germany and Poland) would undertake the obligations of non-aggression, consultation and non-assistance to the aggressor, while certain of the signatories would agree among themselves on supplementary arrangements for military assistance in case of aggression. The Stresa Conference, however, was followed almost immediately by the session of the League Council which condemned Germany's unilateral repudiation of her treaty obligations,¹ and German resentment against this action on the part of the Council was so strong as to raise fresh doubts whether Germany would not withdraw her offer of collaboration.

The negotiation of a non-aggression pact therefore had to wait for a more propitious atmosphere in Germany; but in the meantime the French Government took the view that the German communication to the Stresa Conference had removed any possible obstacle in the way of the conclusion of the Franco-Russian agreement. Negotiations for that agreement were pursued with vigour during the second half of April, but the drafting of a text acceptable to both parties proved to be a matter of some difficulty. The Soviet Government were intent on obtaining the maximum assurance of prompt assistance from France in the case of an attack on Russia, whereas the French Government showed a marked disinclination to enter into any commitments which might involve France in a quarrel—for instance in the Far East—from which she might otherwise remain aloof.² The French Government insisted, in particular, that the terms of their engagements towards Russia must be strictly compatible with the provisions of the Locarno Treaty, as well as with those of the League Covenant. Monsieur Laval's visit to Moscow, which had been expected to take place before the end of April, was postponed, and on the 21st April the Franco-Russian discussions were temporarily suspended in order to allow Monsieur Litvinov,

¹ See the present volume, pp. 161-6, below.

² See the *Survey for 1935*, vol. ii, section (ii) (d), for an attempt to analyse the French outlook in 1935.

who had been conducting the negotiations with Monsieur Laval in Paris, to return to Moscow and report to the Soviet Government. Faced with the choice between a pact on French terms and no pact at all, Moscow was not likely to hesitate long; the negotiations in Paris were resumed after a short interval; and on the 2nd May a Franco-Russian Pact of Mutual Assistance was signed by Monsieur Laval and the Russian Ambassador in Paris.

The text of the treaty will be found in the accompanying volume of documents,¹ and its terms need only be summarized here. In the event of a threat or danger of aggression by a European state on either France or the U.S.S.R., the two parties undertook to consult together immediately on measures for the enforcement of Article 10 of the Covenant (Art. 1). If either state should be subjected to unprovoked aggression by a European state in the circumstances specified in Article 15, paragraph 7, of the Covenant,² the other state would immediately come to its assistance (Art. 2). Further, the two parties undertook that if either of them became subjected to aggression by a European state in circumstances which would bring Article 16 of the Covenant into operation, they would lend one another immediate aid and assistance in the application of that article; and the same obligation would be binding in the event of aggression in the circumstances specified in paragraphs 1 and 3 of Article 17 of the Covenant (Art. 3).³ The treaty was to be valid for five years and was to remain in force indefinitely thereafter subject to one year's notice of denunciation.

It will be seen that, by restricting their obligation to assist Russia to cases of aggression by a European state, the French Government had avoided the danger of becoming involved in a Far Eastern war. They had also resisted the attempts which the Russian negotiators were reported to have made to persuade them to agree that the provisions for assistance should come into force automatically in certain circumstances. The Russian idea was, apparently, that the obligation

¹ An English translation of the text was published in the British Blue Book *Miscellaneous No. 3* of 1936, Document No. 18.

² That is, in the case of the Council failing to agree upon a unanimous report upon a dispute brought before it—a failure which set the members of the League free 'to take such action as they shall consider necessary for the maintenance of right and justice'.

³ That is, in the event of the aggression proceeding from a European non-member of the League, whether it had accepted temporary membership of the League for the purposes of the dispute and then resorted to war in breach of the Covenant, or whether it resorted to war after declining an invitation to accept temporary membership. The fact that Germany's resignation from the League would take effect within a few months of the signature of the Franco-Russian Pact made the application of this clause obvious.

to lend immediate aid should come into play automatically if the Council had not issued its report by the end of a given period. The French accepted the principle of immediate assistance if the Council issued no report, but refused to fix a time-limit on the expiry of which the Council would be considered to have failed to make recommendations. An explanatory protocol was attached to the treaty; and the first article of this protocol (which was a commentary on Article 3 of the treaty) recorded the understanding of the parties that they should

take joint action to obtain that the Council shall issue their recommendations with all the speed required by the circumstances and *that should the Council, nevertheless, for some reason, make no recommendation or fail to reach a unanimous decision, effect shall nevertheless be given to the obligation to render assistance.*

It was on the words in italics that the German objections to the Franco-Soviet Pact were based.¹

A further safeguard of French interests was introduced into the protocol, in case the drafting of the treaty should have left any loophole for the objection that its provisions ran counter to those of the Locarno Treaty.

It is agreed [declared the protocol (Article 2)] that effect shall not be given to provisions of the . . . treaty in a way which, being inconsistent with the treaty obligations assumed by one of the contracting parties, would expose the latter to sanctions of an international character.

This appears to have meant that if the U.S.S.R. should be the victim of an attack by Germany, under the conditions specified in paragraph 7 of Article 15 or in Article 16 of the Covenant, it would be incumbent upon France (or at any rate prudent) not only to decide for herself whether Germany had in fact committed an act of unprovoked aggression, but also to ascertain whether Italy, Great Britain and Belgium, as co-signatories of the Locarno Treaty, agreed with her in designating Germany as the aggressor.² Since Russia was not a signatory of the Locarno Treaty, there was no corresponding obligation upon her to consult with other Powers before giving effect to her undertakings in the case of a German aggression upon France.

Another article of the protocol foreshadowed the possibility that the Franco-Russian agreement might be superseded by a general pact for mutual assistance on the same lines. Finally the two Governments put on record

that the negotiations which have just resulted in the signature of the present treaty were originally started with a view to drawing

¹ See pp. 84-6, below.

² See the report by Monsieur Henry Torrès, cited in footnote 2 on p. 62, above.

up a security agreement covering all the countries of North-Eastern Europe—namely the U.S.S.R., Germany, Czechoslovakia, Poland and the Baltic States, neighbours of the U.S.S.R.; besides this agreement a treaty of assistance between the U.S.S.R., France and Germany was to have been concluded, under which each of these three states would be pledged to come to the assistance of that one among them which had been the object of an attack by one of those three states. Although circumstances have not hitherto permitted the conclusion of these agreements, which the two parties continue to regard as desirable, it is nevertheless the case that the obligations laid down in the Franco-Soviet Assistance Agreement should be understood as coming into play only within the limits contemplated in the tripartite agreement previously projected.

The tripartite agreement referred to in the last sentence was that by which, under the plan adopted in London in the second week of July 1934, France, Germany and Russia would have entered into mutual engagements regarding assistance to any one of the three Powers which might be the victim of aggression by one of the other two.¹ The official French interpretation of this provision in the protocol was that the obligation of mutual assistance between France and the U.S.S.R. concerned only 'the hypothesis of an unprovoked aggression on the part of Germany'.²

On the 16th May, 1935, a similar pact between Czechoslovakia and Russia was signed. The terms of this agreement were almost identical with those of the Franco-Russian agreement, but it was stipulated that the obligation of Czechoslovakia and the U.S.S.R. to give assistance to one another should only come into force if France had already come to the help of the attacked country in accordance with the Franco-Czechoslovak or the Franco-Russian treaty.³

Since the Franco-Russian Pact had already been signed when Monsieur Laval paid his postponed visit to Moscow on the 13th–15th May, that visit became little more than a gesture of courtesy. Monsieur Laval was warmly welcomed in Moscow, and in his interviews with Monsieur Stalin and other Soviet leaders he received confirmation of the great importance which was attached to French friendship by the Russian Government. He was also able to ascertain that

¹ See p. 65, above.

² See the report of Monsieur Henry Torrès to the Chamber.

³ Ratifications of the Czechoslovak-Russian treaty were exchanged on the 9th June, 1935, in Moscow, during a visit from Dr. Beneš. During the summer it was reported that Monsieur Titulescu was anxious to see the conclusion of a similar treaty between Rumania and Russia, but that he was obliged to abandon the project—at any rate for the time being—owing to the strong opposition which he encountered. On the 16th October, 1935, a statement issued by the Foreign Office in Bucarest denied that any negotiations with Russia for a pact of mutual assistance were, or had been, in progress.

Moscow saw no objection, now that more or less satisfactory arrangements had been made for mutual assistance, to a renewal of attempts to conclude an East European pact of non-aggression. The prospects for an agreement on the lines of the German proposal were also discussed in Warsaw, which Monsieur Laval visited on his way to Moscow. The fact that Colonel Beck had joined the other members of the League Council in April in condemning Germany's repudiation of her treaty obligations¹ had been interpreted by some observers as a sign that Poland's attitude towards Germany had changed, and had raised hopes that she might now be more amenable to French influence. Monsieur Laval found, however, that there was considerable uneasiness in Warsaw on the subject of the Franco-Russian Pact, the application of which might, it was feared, involve the invasion of Polish territory by foreign troops. Monsieur Laval was able to allay these apprehensions to some extent by pointing out that Russian troops on their way to give help to France need not cross Polish territory, but could take an alternative route; and he was also said to have explained that the object of France in signing the pact with Russia was less to secure assistance to herself in the event of a conflict than to forestall the possibility that Russia and Germany might come to terms with one another.

On the subject of the Eastern Pact, Colonel Beck was reported to have promised that he would study any proposal on the lines of the German offer in a sympathetic spirit, but to have indicated that Poland, if she signed such a pact, would have to make reservations with regard to Lithuania and possibly with regard to Czechoslovakia also.

On his way back to Paris from Moscow Monsieur Laval stopped in Cracow on the 18th May in order to attend the funeral of Marshal Pilsudski, whose death had taken place just after Monsieur Laval had left Warsaw on his outward journey. General Göring had also travelled to Cracow for the ceremony, and Monsieur Laval had a long interview with him at his hotel.² The significance of this meeting was not diminished by the fact that General Göring went back to Warsaw from Cracow instead of returning direct to Berlin. It was to be presumed that the question of a pact of non-aggression formed one of the subjects of discussion between Monsieur Laval and General

¹ See the present volume, pp. 165-6, below.

² General Göring was supposed to have invited Monsieur Laval to visit Herr Hitler in Berlin, either immediately, *en route* from Cracow to Paris, or at an early date; and although Monsieur Laval did not break his journey to Paris in Berlin, he was believed not to have rejected the possibility of a meeting with Herr Hitler in the near future.

Göring, and in that case Monsieur Laval must have discovered that the prospects of German participation in such a pact had not been improved by the conclusion of the Franco-Russian and Czechoslovak-Russian agreements, and by the demonstrative affirmation of the close relations existing between France and the U.S.S.R. for which Monsieur Laval's visit to Moscow had provided an occasion.

The fact that the Franco-Russian Pact had been carefully designed to fit into the framework of the League Covenant did not make it any more acceptable to Germany, who professed to see no practical difference between its terms and those of a military alliance of the pre-war type. And if the Franco-Russian agreement was to be regarded as in effect a military alliance, the terms of the pact and the protocol themselves¹ left no doubt in German minds that Germany was the Power against which it was directed. The speech which Herr Hitler made before the Reichstag on the 21st May, 1935,² contained a violent attack upon Russia and a denunciation of pacts which were nothing but alliances in disguise; and although Herr Hitler, in summarizing German foreign policy under thirteen heads, formally renewed his declaration that he was ready in principle to conclude agreements of non-aggression with his neighbours and to supplement those agreements by provisions for the isolation of an aggressor, the sequel proved that Germany was not disposed to take any active steps to translate this principle into practice.

On the 25th May a German memorandum³ on the relation between the Franco-Russian Pact and the Treaty of Locarno was presented at the Quai d'Orsay, and similar communications were made in London (on the 29th May) and in Rome and Brussels. In spite of the precautions which had been taken in drafting the treaty and the annexed protocol, the German Government expressed the opinion that the terms of the Franco-Russian Pact were not compatible with those of the Locarno Pact. It has been mentioned that it was the first article of the protocol supplementing the treaty to which the German Government took special exception. Their objections were formulated as follows:

It follows from this text [of Article 1 of the protocol] that the two contracting parties, before undertaking any action which they intend to base upon Article 16 of the Covenant, will address themselves first of all to the Council of the League of Nations, but that they are, none the less, decided to fulfil the obligations of assistance agreed upon between themselves, if, for some reason or other, the Council of the League does

¹ See pp. 80-2, above.

² See the present volume, pp. 172-4, below.

³ English text in the British Blue Book *Miscellaneous No. 3* of 1936, Document No. 23.

not produce a recommendation or if it does not reach a unanimous decision. This provision can only be understood in the sense that France claims for herself, in the event of a conflict between Germany and the U.S.S.R., the right to take military action against Germany in virtue of Article 16 of the pact [i.e. Covenant], even if she cannot cite a recommendation or some other decision of the Council of the League of Nations. It seems that, after the departure of Germany from the League of Nations, this course of action is also intended in the case where the decision of the Council regarding the invitation to be addressed to Germany in virtue of Article 17, paragraph 1, of the pact [i.e. Covenant] has not been reached. The German Government considers that military action undertaken in such conditions would be outside the limits of Article 16 of the pact [i.e. Covenant], and would, consequently, constitute a flagrant violation of the Treaty of Locarno. . . . It is true that the treaty lays down that assistance shall only be given in the event of an unprovoked aggression on the part of Germany. This event will never occur, for Germany has no intention of taking any aggressive action against the U.S.S.R., but none the less the problem is not solved, for the decisive point is that France, according to the section of the protocol of signature above mentioned, claims for herself the right, in the event of a German-Soviet conflict, to decide unilaterally and at her own discretion who is the aggressor, and, in virtue of her decision, to take military action against Germany.

The objections formulated above are not invalidated by the general clause in the second section of the protocol, which lays down that this treaty is not inconsistent with any of the engagements already undertaken by France or the U.S.S.R. towards third parties and that the provisions of the Franco-Soviet Treaty will not be applicable in the event of one of the contracting parties, by reason of obligations already undertaken, exposing itself to sanctions of an international character. This general clause does not in any way alter the fact that the special clause in section 1 of the protocol exists, which . . . stipulates the contrary in a concrete case.

It will be noticed that the German Government were not arguing that the Franco-Russian Treaty went beyond the Locarno Treaty in its provision for the possibility of a French attack on Germany. They did refer to the inclusion in the Franco-Russian Treaty of cases arising under Article 17 of the Covenant which were not mentioned in the Locarno Treaty (the admission of Germany to membership of the League being one of the conditions of the Locarno settlement, no provision was made for the contingency of her resignation); but they pointed out themselves that Article 17 provided, 'under certain defined conditions, for the application of Article 16 against a state which is not a member of the League of Nations',¹ so that cases under Article

¹ The German Government appeared to imply that France might use her position on the Council in order to prevent an invitation to Germany to assume the obligations of membership, but this was not an essential part of the German argument.

17 were in practice in the same category as those covered by Article 2 of the Locarno Treaty.¹ In arguing that the Locarno Treaty would be violated by French action under Article 16 without a previous decision of the Council, because such action would go beyond the terms of Article 16, the German Government were attacking not the Franco-Soviet Pact, nor the compatibility of that pact with the Locarno Treaty, but Article 16 of the Covenant and the whole idea of immediate assistance to the victim of aggression. According to the accepted interpretation, Article 16 left individual states members of the League free in cases of urgency to act on their own responsibility in giving help to a victim of aggression, even if the Council had not declared an aggressor and had not made a recommendation for military action. The third of the resolutions regarding the application of Article 16 which were approved by the Assembly in 1921, and which were followed in practice in October 1935 when Italy was declared the aggressor,² laid down the principle that 'it is the duty of each Member of the League to decide for itself whether a breach of the Covenant has been committed'.

This point was taken up by the French Government in their reply to the German memorandum, which was communicated to the German Government on the 25th June.³ In this French note, which declared that the Government in Paris were 'completely certain' that in signing the treaty with Russia they had not 'undertaken any obligations inconsistent with those laid down in the Locarno

¹ Article 2 of the Locarno Treaty laid down exceptions to the general rule, formulated in Article 1, that France and Germany would in no case attack or invade each other. Resort to war was allowed: (1) in the case of the exercise of the legitimate right of defence; (2) in the case of action in pursuance of Article 16 of the Covenant; (3) in the case of action as the result of a decision taken by the Assembly or by the Council of the League, or in pursuance of Article 15, paragraph 7, of the Covenant. By Article 4 of the treaty, the contracting parties undertook 'immediately to come to the help of the party against whom such a violation or breach has been directed as soon as the said Power has been able to satisfy itself that this violation constitutes an unprovoked act of aggression and that . . . immediate action is necessary'.

Thus the Locarno Treaty left the signatories at liberty to take action in cases of urgency in advance of a decision of the Council. On the other hand, the official French interpretation of the Franco-Soviet Treaty and Protocol, given by Monsieur Henry Torrès in his report to the Chamber (see p. 62, footnote 2, above), was as follows: 'En l'absence de recommandations du Conseil, l'obligation d'assistance mutuelle n'en reste pas moins aussi stricte, mais elle n'est exécutoire qu'après la réponse du Conseil, après sa décision positive ou négative.' Thus the Franco-Soviet Treaty did not appear to go as far as the Locarno Treaty in giving the signatories freedom to act on their own responsibility before the Council had taken a decision.

² See the *Survey for 1935*, vol. ii, section (vi).

³ English text in the British Blue Book, Document No. 27.

Treaty', the attention of the German Government was specially drawn to

the fact that the application of Article 16, in accordance not only with its terms but also with the most authoritative interpretation thereof, does not necessarily require a recommendation of the Council.¹

¹ On this point, the following opinion was expressed by an eminent English jurist, Sir John Fischer Williams, in an article on 'Sanctions under the Covenant' in *The British Year Book of International Law*, 1936:

In the many discussions of the practicability of action under Article 16 which took place before October 1935, it was not uncommon to find the view expressed that action could only be taken as a result of a decision of the Council or even of the Assembly, that such a decision must be unanimous, that there is no provision in Article 16, as there is in Article 15, for disregarding the vote of a party to the dispute, and that therefore, especially in any case where the conduct of a member of the Council was to be condemned, the League must be helpless. Neither the letter nor the spirit of Article 16 gives any support to that view. The first paragraph of the article makes no reference to the Council. The second paragraph limits the duty of the Council to 'recommending' to the Governments the contributions which they are to make to 'the armed forces to be used to protect the covenants of the League'—if such forces are in fact necessary. But 'recommendations' of the Council not being 'decisions' may be made by a majority and do not require unanimity. The third paragraph does not mention the Council. The fourth paragraph deals with the expulsion of a member and may for our present purpose be left out of account. At the same time the resolutions of 1921 recognize and express the obvious truth that action realizing the 'general sentiment' of the League must be co-ordinated and regulated by the Council, and indeed those resolutions indicate that the Council, as the executive organ of the League, must initiate and assume responsibility for the action to be taken in its name. The resolutions of 1921 may even in some respects be thought to have erred in the language chosen for the statement of the function of the Council and to have contributed to the false impression that a resolution of the Council was necessary to set in motion the machinery of Article 16.

The same English authority, however, also expressed in the same place the further opinion that the machinery of Article 16 could not be set in motion, for an individual state member of the League, by its own sole decision that the article had become applicable in a particular case:

The starting-point of League action is the individual and separate expression of opinion by each member of the League. If there is sufficient agreement in these opinions to indicate that the 'general sentiment' of the League is in favour of action, the states that have expressed these individual opinions are entitled and bound to take action. But this must be common action on behalf of the League. And it must be co-ordinated by action of the League. . .

It would be an outrage on common sense in dealing with an international document of this character to insist that each individual member of the League was bound to take action by itself, no matter what other members might do, once it reached the conclusion that there had been a resort to war in violation of Article 12, 13 or 15 of the Covenant. It may even be argued that a member of the League is not merely not bound to take separate action but is even, in spite of the language of Article 16, not entitled to do so if it is practically alone in its opinion. Thus, the Secretary-General of the League reported to the Council in May 1927 that 'it would be a misapplication

The French note went on to point out that

the preoccupations of the German Government seem only to relate to a case in which, Germany having withdrawn from the League of Nations, action taken by France against Germany in execution of Article 16 would be based on Article 17 of the Covenant.

The French Government refused to admit that there was any justification for the German interpretation that

military action undertaken without a previous decision of the Council regarding the invitation to be addressed to Germany under Article 17 might go beyond the scope of Article 16.

The French Government explained that

Article 1 of the protocol of signature of the Franco-Soviet Treaty [referred] only to recommendations made under Article 16 of the Covenant by the Council of the League and [did] not affect in any way the conditions laid down for the issue of an invitation in Article 17.

On the 5th July, 1935, the British Government replied in their turn to the German memorandum.¹ They declared that they were

in entire agreement with the views expressed and the arguments used by the French Government [in their note of the 25th June, and were] satisfied that there is nothing in the Franco-Soviet Treaty which either conflicts with the Locarno Treaty or modifies its operation in any way.²

of the Article, which would not be tolerated, if a member or group of members should claim to act under it on this account in defiance of the general sentiment of the League'.

¹ Text of the British note in the Blue Book *Miscellaneous No. 3* of 1936, Document No. 28.

² The British Government's attitude on the question of the effect of the Franco-Russian Pact upon Great Britain's obligations under the Locarno Treaty had been defined on the very day of the signature of the pact. Speaking in the House of Commons at Westminster on the 2nd May, 1935, Sir John Simon replied to the question which had been put by Sir Herbert Samuel earlier in the debate, 'whether the "automatic" responsibilities' of the United Kingdom 'under the Treaty of Locarno would be extended or affected if there was a Franco-Russian agreement, and if, thereafter, conflict arose between Russia and Germany'.

Suppose [said Sir John Simon] that Russia and Germany were to get into conflict and France went to the help of Russia by invading Germany, would that bring this country 'automatically' in on the side of Germany? The answer was 'No'. If Germany attacked Russia and, in view of the Franco-Russian treaty of mutual assistance, France went to the assistance of Russia by attacking Germany, the Locarno Treaty did not put this country, in those circumstances, under any obligation to go to the assistance of Germany. That was the general position, but there was a proviso which should be stated. In order that that should be the position and Germany have no claim under Locarno upon us, then, of course, the assistance of France to Russia must be given in virtue of certain stipulations of the Covenant of the League of Nations. The terms of the prospective Franco-Russian pact,

Memoranda in similar terms were communicated to the German Government by the Italian Government on the 15th July¹ and by the Belgian Government on the 19th July.²

The Franco-Russian Pact would not come into force until it had been ratified by France, and Monsieur Laval was in no hurry to take this decisive step. To the disgust of Monsieur Herriot and other supporters of the Franco-Russian alliance, Monsieur Laval adopted a procedure of ratification which was not constitutionally necessary and which involved a delay of some months. Instead of asking for ratification of the pact by Presidential decree, in accordance with the general practice in respect of political treaties, he deposited the text among the measures which would come before the Chamber for consideration during its next session.³ If Monsieur Laval hoped that the alternative policy of *rapprochement* with Germany might come to fruition during the breathing-space which he had thus secured, he was soon disillusioned. The German Government maintained their point of view that the Franco-Russian Pact and the Locarno Treaty were incompatible, and they did not respond to overtures for the renewal of the negotiations for an Eastern Pact of Non-Aggression which were made both by France and by Great Britain. A French note⁴ was despatched to Berlin on the 3rd June, indicating that the French Government would be glad to have a detailed exposition of German views on a non-aggression pact, but this apparently received no reply. The British Government suggested on several occasions during the summer that there was no reason why progress should not be made with the negotiations, but these representations merely elicited the fact that the German Government considered that the undertaking which they had given on the 12th April⁵ in regard to the conclusion of a collective pact of non-aggression had lapsed as a result of the signature of the Franco-Soviet Treaty, and that Germany's commitment was now limited to the offer of bilateral pacts of non-aggression which had been repeated in Herr Hitler's speech of

so far as they were known, would be subordinated to the operation of the Locarno Treaty. It followed, therefore, that British obligations would not be increased, any more than they were under Locarno by the treaties of mutual assistance which France concluded with Poland and Czechoslovakia.

¹ *Op. cit.*, Document No. 29.

² *Op. cit.*, Document No. 30.

³ The Foreign Affairs Commission of the Chamber approved the pact at the end of November and recommended it for ratification, but it did not come up for discussion in the Chamber until February 1936—by which date Monsieur Laval was no longer in office.

⁴ English text in the British Blue Book *Miscellaneous No. 3* of 1936, Document No. 26.

⁵ See p. 78, above.

the 21st May.¹ During the later months of 1935 the development of the Italo-Abyssinian dispute overshadowed all other European problems, and by the end of the year, when the question of Germany's intentions was beginning once more to claim its full share of public attention, the idea of the creation of a non-aggression system in Eastern Europe had been relegated to the background.

The outcome of the long-drawn-out negotiations for an Eastern Pact was perhaps nearer to the original conception of the authors of the project than the more elaborate design which they had subsequently placed before the world. The Soviet Government, at all events, had attained the principal object which they had in mind when they first approached the French Government in 1933;² and while they may have felt some regret for the better bargain which they might have struck if the assassin's bullet had not removed Monsieur Barthou from the scene before his plans for an anti-German front had matured, disappointment at the effects of Monsieur Laval's cautious avoidance of risks was partially compensated for by the additional guarantee of the Czechoslovak-Russian agreement. The efficacy of the support which France and Russia promised one another was called in question by critics of the pact,³ but it was a testimony to its value that Germany should have reacted so energetically to its signature and still more to the prospect of its ratification. The entry of German troops into the Rhineland on the 7th March, 1936, which was the outcome of Germany's dislike of the Franco-Russian Pact, falls outside the period with which the present volume deals.

¹ See the despatches dated the 23rd and 29th July, 1935, from Sir Samuel Hoare to the British Embassy in Berlin, describing interviews which the Foreign Secretary had had with German representatives in London (British Blue Book *Miscellaneous No. 3*, Documents Nos. 34 and 35); and the British *aide-mémoire* which was communicated to the German Foreign Minister on the 5th August (*op. cit.*, Document No. 37). On the 16th September, Freiherr von Neurath informed Sir Eric Phipps that he was waiting for 'quieter times' before replying to the British representations (*op. cit.*, Document No. 40).

For Herr Hitler's speech of the 21st May, 1935, see pp. 172-4, below.

² See p. 62, above.

³ During the debate on the pact in the Chamber in Paris in February 1936, it was criticized by speakers of the Right on the ground that France gave Russia more than she received. It was argued that France could put troops into the Rhineland in four days if Germany attacked Russia, whereas if Germany attacked France it might be as long as six weeks before Russian assistance materialized—and even then the military value of such assistance was considered to be doubtful.

On the other hand it may be pointed out that the advantages accruing to Russia under the pact were restricted both by the obligation of France to consult the other Locarno Powers before taking action and by the fact that the operation of the pact was expressly limited to the European territory of France and Russia.

(v) The Conclusion of the Franco-Italian Agreements signed
at Rome on the 7th January, 1935

(a) INTRODUCTORY NOTE

In a newspaper which reflected the opinion of the Czechoslovak Government the Franco-Italian settlement of the 7th January, 1935, was greeted as 'one of the most important events in the political development of Europe in recent years'.¹ And this eulogy from a country which conspicuously stood to gain from the establishment of a united Franco-Italian front against Germany was not more eloquent than the restrained antipathy with which the news was received in the German press. Indeed, from an objective point of view, this Franco-Italian transaction could immediately be recognized as an historical landmark, since it signified the termination of an Italian feud with France which had been one of the principal dangers in the European political arena since the morrow of the Armistice of 1918. At the time of writing, in December 1935, the significance of the Rome agreements loomed still larger in an eleven-months' perspective; for by then it was already apparent that a settlement which had closed the door upon a Franco-Italian quarrel had simultaneously opened the door to a still more momentous conflict between Italy and her fellow states members of the League of Nations—a conflict of principle which might be decisive for the future of international relations and in consequence decisive for the destiny of the Western Civilization itself.

In examining, in the foregoing volume, the effects of the re-emergence of Germany in the rôle of a great military Power, we have already observed that the anti-French policy which Italy had been pursuing during the post-war years was one of those self-indulgences of momentarily victorious Powers which had to be renounced as soon as Germany began to recover her pre-war position and at the same time to show a temper that was still more militant than her pre-war *éthos*.²

Since the break-up of the Danubian Hapsburg Monarchy in the autumn of 1918, Italy had enjoyed an almost complete relief from an external political and military pressure which had been weighing upon her north-eastern flank ever since the political unification of the Middle Danubian countries, four hundred years earlier, under Hapsburg rule. Herr Hitler's achievement of creating the Third German Reich now threatened to revive Italy's historic peril—and this perhaps in a more formidable shape than before; for in the last

¹ *Prager Presse*, 9th January, 1935.

² On this point see the *Survey for 1934*, pp. 323, 324, 328–31.

phase of the Hapsburg Monarchy's history, since 1866, this *ci-devant* Great Power had been dangerous to Italy not so much on its own account as because it had come to serve as an instrument and avenue for the expansion of a rejuvenated Germany. It was a couple of German divisions, for example, that had broken the Italian front at Caporetto on the 24th October, 1917, and had carried the Austrian line forward from the Isonzo to the Piave during the brief three or four months for which this handful of German troops could be spared by the German General Staff for this most effective service on the Italian front. Thereafter, upon the military and political collapse of the Central Powers, the *Reichsdeutsch* armies had been pushed back out of South-Eastern Europe behind the frontiers of the Reich; and the Austrian and Hungarian successor states of the defunct Dual Monarchy had subsequently become Italian client states¹ which incidentally promised to serve as buffers to shield Italy from a future return of German pressure, besides serving then and there as Italian pawns on the Central European chess-board on which Italy and France were indulging in the game of rival hegemonies during the temporary abeyance of the German ascendancy in this part of Europe. For Italy, however, even more rapidly and more radically than for France, this comfortable Central European situation changed for the worse as soon as Herr Hitler raised his horn above the Bavarian Alps. For the Nazi campaign for the *Gleichschaltung* of Austria² promised, if successful, not only to re-establish the historical German ascendancy over the regions formerly included within the frontiers of the Hapsburg Monarchy, but also to substitute King Stork for King Log by extending into the Middle Danube Basin the direct rule of the new German Power at Berlin, in place of the indirect hegemony which the pre-war Prussia-Germany had exercised in these regions through its influence over a pliant but sluggish Viennese ally.³ If a

¹ See the *Survey for 1926*, p. 146; the *Survey for 1927*, pp. 156-60; the *Survey for 1928*, p. 148; the *Survey for 1934*, Part III C, section (ii).

² For the history of this campaign down to the close of the year 1934 see the *Survey for 1934*, Part III C, section (i).

³ It may be noted that, if the pre-war Pan-German dream of a Mitteleuropa were to be realized through the *Gleichschaltung* of an Austrian-German Republic with the Third Reich, the resulting political structure would be not unlike the scheme which was reported to have been discussed between the Emperor Wilhelm II and the Archduke Franz Ferdinand at Konopisht in June 1914. For the essence of the Archduke's 'trialism' was the admission of a unified Yugoslav member of the Hapsburg Monarchy into full equality with the existing partners; and, in the future German hegemony over the successor states of the Hapsburg Monarchy which would be an almost automatic consequence of the *Gleichschaltung* of Austria, the post-war Kingdom of Yugoslavia might likewise look forward to enjoying a specially favourable position.

National-Socialist Germany succeeded in absorbing or assimilating the post-war Austria and in driving the post-war Hungary and Jugoslavia in double harness, then Fascist Italy might find herself subjected to the combined pressure of a German and a Yugoslav irredentism.¹

When Signor Mussolini's dream of holding Herr Hitler in leading-strings had been shattered by the assassination of Dr. Dollfuss on the 25th July, 1934, only forty days after the meeting of the Duce and the Führer at Venice, the new German peril showed itself so serious and so imminent for Italy that it soon became evident to Signor Mussolini that he could no longer afford to pursue the post-war Italian feud with France, but must actually make friends with the Power which had been Italy's blackest *bête noire* since the Hapsburg Monarchy's collapse.

This meant that Italy must now sell out to France, at the highest price that she could obtain in the circumstances, the threat to French security which the Italian hostility to France had constituted. *Ex hypothesi*, the moment was singularly unfavourable, from one point of view, for trying to realize this political asset; for the most telling feature in the post-war Italian menace to France had been the prospect that one day Italy might join forces with a resuscitated Germany in order to wage a joint war against France in which Italy's share in the spoils would be those French possessions in North-West Africa which had been offered to Italy in the early days of the War of 1914-18 by the Central Powers as the prospective reward for an Italian intervention on their side. This lever for working upon French minds was no longer in Signor Mussolini's hands now that the tame and modest German ally who was to have been rehabilitated by a condescending Italian patronage had been ousted by a militant Third Reich against which a disconcerted Italy could scarcely hope to hold her own without a French alliance to second her efforts. In this situation the French, who were notoriously hard bargainers, might be disposed to say 'Thank you for nothing' to a persistently hostile Italy's sudden offer of her friendship at a price. Such friendship, the French might say, in such circumstances was worth no more to France than a very few square miles of the 'light soil' of the Sahara. On the other hand, Signor Mussolini could comfort himself, in estimating his bargaining powers, by counting on certain points of French psychology which promised to tell in Italy's favour. The chief point was the abiding and almost pathological obsession of French minds with the German danger. It was this that had given Italy's anti-French policy its

¹ See the *Survey for 1934*, p. 328.

sting ; and even if an Italo-German combination against France were now no longer probable, the French might still be willing to pay a price for the sake of making sure that henceforward they should be free to confine all their attention and energy to their front facing a now formidably resurgent Germany. In the second place, French nerves were so responsive to any German touch that the terrifying effect of Herr Hitler's rise to power had been actually much greater in France than it had been in Italy—notwithstanding the fact that the menace involved in Herr Hitler's Austrian policy was decidedly more remote for France than it was for an Italy who was thereby threatened with a radical change in the political situation beyond her north-eastern border. On these considerations Signor Mussolini seems to have made up his mind, in the course of the year 1934, that he would now do well to seek to obtain from France by negotiation some fraction of those French assets which he could no longer dream of wresting from France as the fruits of some future joint Italo-German war of aggression.

The post-war Franco-Italian rivalry which thus came up for peaceful settlement at the turn of the years 1934 and 1935 had ranged over three fields: Africa, the Mediterranean and South-Eastern Europe. In North-West Africa Italy's grievance over the acquisition by France of Tunisia—a successor state of the Ottoman Empire which the Italians had regarded as their own proper prey—had been kept alive by the vexed question of the juridical status of the Italian settlers in Tunisian territory,¹ and had been inflamed by Italian dissatisfaction at the small extent of the rectifications of frontier between French North Africa and Italian Libya which had been accorded to Italy by France after the War of 1914–18 in execution of French obligations under Article 13 of the London Treaty of the 26th April, 1915.² In East Africa France and Italy were likewise at odds over the independent native African Empire of Ethiopia (popularly known as Abyssinia): another scene of disappointed Italian colonial ambitions. Unlike Tunisia, Abyssinia had not been converted into a French protectorate in the juridical sense ; but Abyssinian fears of persisting Italian ambitions at Abyssinia's expense had co-operated with French inclinations to make Abyssinia a protégée, or at any rate a satellite, of France in an informal way ; and the underlying Franco-Italian rivalry in this field had not been removed by the superficial collaboration of

¹ See the *Survey for 1925*, vol. i, pp. 181–4.

² See the *Survey for 1920–3*, pp. 360–1. The Italians do not appear to have felt the same discontent over the British fulfilment of the corresponding British obligations through the transfer of Jubaland from the British Kenya Colony to Italian Somaliland (see the *Survey for 1924*, pp. 463–72).

the French and Italian Governments in securing the admission of Abyssinia to membership of the League of Nations in 1923 in despite of British misgivings.¹ In the Mediterranean the post-war *mésintelligence* between Italy and France had taken the form of an Italian demand for naval parity with France which the French had so far declined to contemplate.² In South-Eastern Europe the rivalry had displayed itself in a competition to enlist satellites among the successor states of the Hapsburg and Ottoman Empires.³

These satellites of France and Italy, both in Europe and in Africa, were bound to be closely affected by a reversal in the nature of Franco-Italian relations. For some of them, who happened to share with France and Italy themselves the over-riding fear of aggression on the part of a National-Socialist Germany, a transformation of the Franco-Italian feud into a Franco-Italian entente might give grounds for an unqualified satisfaction. This was the position of Czechoslovakia and also of that element in Austria (whatever its strength might eventually prove to be) which was represented by the Austrian Government of the day. On the other hand, the majority of the satellite states, on either side, were bound to watch the change in Franco-Italian relations with a certain anxiety; for the enlistment of satellites had been one of the manœuvres in the post-war Franco-Italian feud; and this feud was, as has been suggested, a luxury which had only been brought within the reach of Italy and France by the temporary eclipse of Germany. The new Franco-Italian *rapprochement* implied a reciprocal admission of the fact that the two Powers now stood in need of one another's assistance against Germany more urgently than they needed their respective satellites' assistance against one another. France had become a more desirable ally for Italy than Hungary, and Italy for France than Yugoslavia or Abyssinia. In these circumstances it was evidently not unlikely that a considerable part of the costs of a Franco-Italian *rapprochement* might be thrown by the two principals upon the shoulders of the minor parties who were condemned to be more or less passive spectators of a transaction in which their own fate was thus deeply involved.

In the Central European field, Hungary might have to fear an abandonment of the former Italian championship of Hungarian claims to territorial treaty revision now that Italy was joining the

¹ See the *Survey for 1920-3*, pp. 394, 395-6.

² See the *Survey for 1929*, pp. 9-13, 51-2; the *Survey for 1930*, Part I, section (ii); the *Survey for 1931*, Part II, section (iv); the *Survey for 1932*, pp. 221-2, 241, 291, 292.

³ See the *Survey for 1927*, Part II C, sections (i), (ii) and (iv); the *Survey for 1928*, Part II, section (i).

French anti-revisionist camp in opposition to the German claims in regard to Austria; and, on the other side, Yugoslavia might have to fear that France would show herself less solicitous than before for the maintenance of the sacrosanctity of the peace settlement, as far as Yugoslavia was concerned, if an abatement of French zeal for the security of Yugoslavia seemed to minister to the security of France by paving the way for a Franco-Italian alliance. It will be seen that, in Central Europe, the appeasement of the Franco-Italian feud was capable of being achieved through an approximate equality of sacrifice of the interests of the two Powers' respective satellites in this quarter. In the African field the problem of making an adjustment of Franco-Italian interests at the expense of other parties was more difficult to solve; for in Africa there was a great gulf between the gains which Italy might have dreamed of making at the expense of France in a war in which Italy would have had Germany for her ally and the more modest concessions which France might be prepared to make to Italy voluntarily now that Italy was constrained to align herself with France on an anti-German front. When the gist of the terms of the Franco-Italian agreements of the 7th January, 1935, was published, the World was at first amazed at the smallness and the dryness of the crumbs from the French colonial table with which the Duce had apparently been content to stay his land-hunger—until it became evident that he was intending to redress the balance between his former ambitions and his present receipts at the expense of the French Empire in Africa by taking a free hand to help himself at the expense of France's former protégée, Abyssinia.

Signor Mussolini himself would no doubt have publicly proclaimed, and perhaps privately believed, that, after having secured the independence of Austria against the aggression of Herr Hitler's Third Reich, he was now hastening to liberate a host of enslaved Tigreans and Danakil and Gallas and Somalis from the Shoan tyranny of the Negus Haile Selassie. A sceptic might have retorted that, for all that the Duce could tell, a majority of the inhabitants of Austria might prefer union with Germany to the independence which Signor Mussolini was insisting upon preserving for them, and that conversely a majority of the inhabitants of the Empire of Ethiopia might prefer to remain under Shoan rule rather than to exchange these familiar whips for the untried Fascist rods and axes.

An observer from some country which—unlike the Italy of Signor Mussolini's vision—was neither military nor militaristic¹ might be

¹ 'We are becoming—and shall become so increasingly because this is our desire—a military nation. A militaristic nation, I will add, since we are not

inclined to judge that Italy, after all, was getting very much the worst of her bargain with France if the major part of the material gains which Signor Mussolini expected to win from it could only be gathered in at the cost of an immediate war in Africa—whereas the settlement not only exempted France from any corresponding military sacrifice, but actually increased her security against the danger of a future war in Europe. To such a criticism the Fascist answer would perhaps have been that, for Fascist Italy, a war, so far from being a calamity, was a welcome opportunity for displaying the Fascist virtues.¹ There was even some evidence, in Signor Mussolini's previous utterances, for the view that a war against some adversary or other, in or after the year 1935, was a psychological and therefore a political necessity for the maintenance of his régime. At any rate, as far back as the 26th May, 1927, he had publicly declared, in the Chamber at Rome, that:

We shall be in a position to-morrow—when, between 1935 and 1940, we shall find ourselves at a point which I should call a crucial point in European history—to make our voice felt and to see, at last, our rights recognized.²

Commentators on this speech at the time of its delivery took note of the coincidence between the 'crucial' quinquennium which Signor Mussolini had named and the years in which the annual contingents of French conscripts were expected to be at an abnormally low strength owing to the steep temporary decline in the French birth-rate during the war years 1915–19; and it was inferred that the Italian dictator was looking forward to this opportunity of challenging the post-war French hegemony in Europe. It is not necessary to suppose that Signor Mussolini ever thought seriously of delivering his eventual challenge to France by force of arms, or that an Italo-German war against France was the coming war of 1935–40 which was in Signor Mussolini's mind in 1927; it is more likely that the victim upon whom the Italian dictator intended to use war—in or after 1935—as an instrument of Italian national policy was never, in his calculations,

afraid of words. To complete this picture: warlike—that is to say, endowed ever to a higher degree with the virtues of obedience, sacrifice and dedication to country.' (Extract from a speech delivered by Signor Mussolini on the 24th August, 1934, at the close of the Army manoeuvres, quoted in *The Times* of the 28th August, 1934.)

¹ 'War alone brings all human energies to their highest tension and sets a seal of nobility on the peoples who have the virtue to face it.' (Mussolini: *The Doctrine of Fascism*, translated from an article in the *Encyclopædia Italiana*, vol. xiv, n.d. [c. 1934].)

² This passage has been quoted, in its context, in the *Survey for 1927*, pp. 120–1.

either France or any other Great Power in Europe, but was always some weak and backward Asiatic or African country; and that he hoped to take advantage of the temporary weakness of France—a weakness which he proposed to accentuate by fostering the strength of Germany—in order to achieve, at some third party's expense, an aggrandisement which France would prevent him from achieving so long as she had the power. If this interpretation is correct, Signor Mussolini himself would perhaps have been incredulous if it had been prophesied to him, on the morrow of this utterance in 1927, that the opening of the year 1935 would actually find him engaged in coming to terms with France instead of riding roughshod over her wishes.

The unexpectedly rapid and formidable resurgence of the military power of Germany since 1933 had, indeed, enforced a change in the international alignment both of Italy and of France which was greater than any which either Signor Mussolini or Monsieur Barthou or Monsieur Laval could well have imagined at any time before the 30th January, 1933, or even the 25th July, 1934. On the other hand, the unexpected pressure of the World Economic Crisis, which by the beginning of the year 1935 had come to bear upon Italy with extreme severity, may have made a war of some kind against somebody in this 'crucial' year more necessary than ever for the Duce, if he was to divert the attention of the Italian people from their increasing personal hardships in their ordinary civil life. Perhaps, however, Signor Mussolini would have found himself under an irresistible compulsion to make war in 1935 in any case—even if the Economic Crisis had not hounded him on—for, when once the bow has been drawn to the ear, the arrow can only be released by being discharged. The power of bending the spiritual and material energies of a whole nation in obedience to a single will was perhaps not only the *chef-d'œuvre*, but also the fatal snare, of the Mussolinian political art. How taut the Duce had strained his own will for some warlike discharge in this year 1935 is indicated by the recurrence of the keyword of his threatening utterance of the 26th May, 1927, in the discourse in which, on the 7th January, 1935, he celebrated the Franco-Italian *détente* of that date.

The crucial year [Signor Mussolini declared on this occasion to the representatives of the French press who had come to Rome in the train of Monsieur Laval]—the crucial year opens under the propitious omen of the Franco-Italian agreements.

If the 'crucialness' of the year 1935 had become such an *idée fixe* in Signor Mussolini's own mental outlook that the sinister word framed itself on his lips once again at a moment when he was intend-

ing to deliver a message of peace and concord, we may assume that the combined potency of a magnetic personality and a magnificent propaganda machine had impressed the same idea with almost equal force upon the minds of a majority of the Fascist Party and perhaps even of the Italian people. By New Year's Day 1935 Signor Mussolini was probably bound—by his own previous spell-binding—to fulfil his followers' long and tensely keyed-up expectations of a war before the calendar year was out. And if the necessity for a Franco-Italian entente had ruled out France as a possible target for an Italian assault in this year, the terms of the Franco-Italian settlement almost demanded, from the Italian standpoint, the launching of a war against Abyssinia. Possibly it may never be revealed what passed between Signor Mussolini and Monsieur Laval at their *tête-à-tête* meeting on the night of the 6th–7th January, 1935, when the last obstacles to a Franco-Italian agreement were surmounted. But, whether or not the name of Abyssinia was mentioned by either of these two European statesmen on this occasion, we may believe that the Italian war of aggression against Abyssinia which was launched on the 3rd October, 1935, was a psychologically inevitable sequel to the Franco-Italian entente which had been concluded on the 7th January of the same year.

(b) THE ANTECEDENTS OF MONSIEUR LAVAL'S JOURNEY TO ROME

The history of the effort to achieve a Franco-Italian entente which culminated in the signature of the Rome agreements of the 7th January, 1935, did not, of course, begin with Monsieur Laval's departure from Paris on board the Rome express on the 3rd of that month, nor even with the laborious preceding negotiations between the French and Italian Governments. Monsieur Laval's predecessor at the French Ministry of Foreign Affairs, Monsieur Barthou, had been looking forward to making this visit to Rome for this purpose when a violent death overtook him in company with King Alexander of Yugoslavia at Marseilles on the 9th October, 1934.¹ Yet the Franco-Italian *rapprochement* was not just an incidental element in Monsieur Barthou's grand design of building up an all-inclusive anti-German alliance. The origins of the Franco-Italian *rapprochement* go back to a date before the advent of Herr Hitler to power at Berlin on the 30th January, 1933. For while it was the Austrian sequel to the triumph of National Socialism in the German Reich that finally impelled Signor Mussolini to seek a reconciliation with France, the corresponding conciliatory spirit had never been absent on the French

¹ See the *Survey for 1934*, p. 550.

side. Since the outbreak of the Italian feud against France on the morrow of the peace settlement,¹ the French had sincerely longed for neighbourly relations with Italy; they had persistently refused to take offence at Italian provocations; and they had neglected no opportunity of attempting to clear up by negotiation the outstanding points on which France and Italy found themselves at issue.

As far back as the autumn of 1927, only a few months after Signor Mussolini's threatening reference to the 'crucial' year 1935 which has been quoted above, Monsieur Briand had succeeded, by returning two soft answers running, in so far touching Signor Mussolini's heart as to open the way for the initiation, in March 1928, of conversations aiming at a settlement of Franco-Italian controversies in regard to Africa; and a Franco-Italian commission of two members had been appointed to continue the discussions in March 1929.² These discussions appear to have petered out inconclusively, and nothing seems to have come of a suggestion, which was made in May 1930 and which came this time from the Italian side, that they should be resumed in connexion with the current attempt to solve the Anglo-Franco-Italian naval problem.³ This problem was a legacy from the London Naval Conference of 1930, in which a comprehensive naval limitation agreement on a ratio had been arrived at as between the three Oceanic Naval Powers only;⁴ and strenuous attempts to bring about a Franco-Italian naval settlement were made, with the help of both British and American good offices, but without any ultimate success, from April 1930 onwards until the autumn of 1931.⁵ This naval deadlock did not, however, bring the Franco-Italian exploration of possibilities of a Franco-Italian settlement to a complete standstill in all fields; for the internal political developments in Germany which had begun with Dr. Brüning's fall on the 30th May, 1932, and which culminated in Herr Hitler's accession to power on the 30th January, 1933, inclined first the French, and eventually the Italians too, to persevere in the attempt to heal the Franco-Italian breach. The special mission of Monsieur Henri de Jouvenel, as French Ambassador in Rome, from the 25th January to the 17th July, 1933,⁶ almost exactly coincided in date with the 'raging tearing' phase of the Nazi Revolution in

¹ The Italians were already in full cry against the French before Signor Mussolini's advent to power at Rome on the 30th October, 1922, but the establishment of the Fascist régime had for one of its consequences a deliberate fostering of this anti-French feeling. (See the *Survey for 1927*, pp. 136 *seqq.*.)

² See the *Survey for 1928*, pp. 149-51.

³ See the *Survey for 1931*, p. 261.

⁴ See the *Survey for 1930*, Part I, section (ii).

⁵ See the *Survey for 1931*, pp. 259-78; the *Survey for 1932*, pp. 291-2.

⁶ See the *Survey for 1933*, p. 162.

Germany; and during these six months it may be presumed that, in addition to his contributions to the negotiation of the Four-Power Pact,¹ Monsieur de Jouvenel was working for a Franco-Italian settlement in all parts of the wide field over which the relations between the two Powers extended. Finally, in 1934, when Signor Mussolini's tone towards France was audibly increasing in cordiality, there were further overtures to a political settlement in the shape of economic negotiations in the spring and an exchange of Air Force visits in the summer and autumn and a French parliamentary visit in September to the Levant Fair at Bari.²

As early as the 4th May, 1934, the suggestion that a visit should be paid to Rome by Monsieur Barthou—who was at that time French Minister for Foreign Affairs—was publicly canvassed in Rome and in Paris, with less favourable repercussions in Berlin and at Belgrade. Before Monsieur Barthou's death the visit had been definitely arranged to take place on the 6th November, and preparatory conversations were already being held between Count de Chambrun, the French Ambassador in Rome, and the Italian Under-Secretary of State for Foreign Affairs, Signor Suvich; but on the 23rd October Monsieur Laval, who had succeeded on the 13th October to Monsieur Barthou's tragically vacated office, announced his decision to postpone the date until he had had time to carry out a further preparation of the ground. Thereafter some substantial progress appears to have been made in a conversation between the new French Foreign Minister and the Italian representative on the League Council, Baron Aloisi, which took place on the 11th December, 1934, at Geneva, after a settlement of the critical Hungaro-Yugoslav dispute in which Monsieur Laval had shown himself both sensitive and accommodating to Italian exigencies.³ On the 13th December, again, Monsieur Laval held a consultation with Monsieur Henry Bérenger, the President of the Foreign Affairs Commission of the French Senate, who had just returned from an official visit of courtesy to Rome, where he had been representing the French Government at the unveiling of a monument to Chateaubriand.

Meanwhile the systematic preparatory work was being carried forward energetically but not without hitches. On the 27th December, for example, it was reported that Signor Mussolini was insisting upon confining to the immediate neighbours of Austria the right to adhere

¹ *Op. cit.*, pp. 206–24.

² See the *Survey for 1934*, pp. 329–31.

³ For the Hungaro-Yugoslav tension which culminated in the Marseilles crime of the 9th October, 1934, and for the sequel, see the *Survey for 1934*, pp. 537–77.

to a proposed Franco-Italian pact for the safeguarding of Austria's independence ; and this formula was awkward for France because it would have the effect of dividing France's allies, the states members of the Little Entente, by excluding Rumania from participation in an international commitment to which Jugoslavia and Czechoslovakia would be parties. This would, of course, be contrary to the spirit of the Little Entente, which aimed at the closest solidarity between the three member states. A move that might seem calculated to break the Little Entente's unity of front would be particularly suspect when it was made by Italy ; and it might not be easy for the French to fall in with Italian desires on such a point without arousing resentment and suspicion in Little Entente quarters. On the 30th December it was reported that this obstacle had now been surmounted by French diplomacy ; but it was apparently more difficult to remove another obstacle which, in the eyes of an observer from outside, might seem to be nothing but a question of form, without a shadow of substance. Signor Mussolini seems to have demanded that the privilege of being original signatories of the proposed pact with regard to Austria should be reserved for 'Great Powers', and that the smaller states concerned, including the states members of the Little Entente, should merely be invited to accede after the event. This proposal for branding the Little Entente states with the mark of an inferior social status was resisted by France ; and eventually it was agreed that the qualification for being an original signatory should be, not social status, but geographical position. After the acceptance of this compromise the ground seemed clear at last, when a new hitch arose in the African part of the field of negotiation. Signor Mussolini, it was said, was dissatisfied with the extent of the concessions that the French were prepared to make to his desiderata in regard to French Somaliland and the Djibouti-Addis Ababa Railway. On the 31st December, in a leading article, *The Times* newspaper of London declared it to be 'really unthinkable that so beneficial a settlement' could 'be held up by a minor colonial difference'—a comment which reflected both the sincerity of the desire in Great Britain for a Franco-Italian reconciliation and the absence, at the time, from British minds of any suspicion that a hitch arising out of a French unwillingness to satisfy Italian ambitions in East Africa in French coin might be overcome by an Italian decision to distrain upon Abyssinia.

These two successive hitches in the preparatory negotiations during the last days of the year 1934 threatened to cause a postponement of the long-awaited visit of the French Foreign Minister to Rome. For the 3rd January was the latest date on which it would be feasible for

Monsieur Laval to travel if he was to be back at his Ministry in Paris in time to confront the possibilities of an international crisis arising out of the taking of the Saar plebiscite.¹ This prospect of further delay was unwelcome to the French, not only because they desired to achieve a Franco-Italian settlement for its own sake at the earliest possible moment, but also because they wished to see the holding of the plebiscite in the Saar anticipated by the establishment of a Franco-Italian united front in the international arena. Hopes in Paris had sunk to their lowest ebb on the morning of the 2nd January, 1935, when Monsieur Laval's visit was saved 'from what seemed certain postponement' by 'a sudden and little-expected advance in the negotiations'.² Though the last touches still had to be put to the draft agreements before they would be complete, Monsieur Laval—accompanied by the Italian Ambassador and by a retinue of French officials and experts—made bold to take the train for Rome on the evening of the 3rd January.

(c) THE COMPLETION OF THE FRANCO-ITALIAN AGREEMENTS IN ROME
ON THE 4TH-7TH JANUARY, 1935

On his arrival at Rome on the evening of the 4th January, 1935, Monsieur Laval received a cordial personal welcome from Signor Mussolini, and during the following days the two statesmen had four business meetings: one from 10 a.m. to midday on the 5th January; a second from 10.15 a.m. to 1 p.m. on the 6th; a third which began about 11 p.m. on the same evening and lasted till about ten minutes after midnight; and a fourth at 8.15 p.m. on the evening of the 7th. The first, second and fourth meetings were held in the presence of the two protagonists' official advisers; at the third meeting the two statesmen were closeted alone in a room in the Palazzo Farnese, where they were being entertained that evening at an official banquet given by the French Ambassador, Count de Chambrun. After the second meeting it was announced that an agreement had been reached on the Austrian question, and the general terms of this agreement were made public; but it was reported that the difference over the Italian claims respecting French Somaliland had still to be bridged. On emerging from the third meeting, at which he had been conferring with Signor Mussolini *tête-à-tête*, Monsieur Laval announced that his agreement with Signor Mussolini was now complete. The fourth meeting closed with the signature of the several diplomatic instruments of which the new Franco-Italian pact consisted.

¹ For the history of the Saar plebiscite, see the *Survey for 1934*, pp. 578-627.

² *The Times*, 3rd January, 1935.

The Franco-Italian Pact of the 7th January, 1935, comprised a treaty for the settlement of African questions together with a protocol, and a number of declarations dealing with other matters. The text of a general declaration, which served as a preface to the other instruments, was published on the 11th January, and the text of the African treaty and protocol was also made public at a later date,¹ but the tenor of the other declarations had to be inferred from the official *communiqués* which were published in Rome on the 8th January and in Paris on the 10th.

The general declaration ran as follows:—

The head of the Italian Government and the Foreign Minister of the French Republic:

Considering that the agreements of to-day's date have assured the settlement of the principal questions which previous agreements left outstanding between them, and especially of all questions concerning the application of Article 13 of the London Agreement of the 26th April, 1915;

Considering that controversial questions which might arise in the future between their Governments will find their solution either through diplomatic channels or by means of the procedure established by the Covenant of the League of Nations, the Statute of the Permanent Court of International Justice, and the General Act of Arbitration;

Declare the intention of their respective Governments to develop the traditional friendship uniting the two nations and to co-operate in a spirit of mutual confidence in the preservation of general peace.

For the purposes of this co-operation they will proceed between themselves to any consultations which may be demanded by the circumstances.

African questions appear to have been dealt with in three instruments: a treaty providing for a second instalment of Franco-Italian rectifications of African frontiers in Italy's favour in implementation of Article 13 of the London Treaty of the 26th April, 1915; a special protocol on Tunisian questions; and a declaration on economic collaboration.

The first instalment of Franco-Italian frontier rectifications in Africa, under a Franco-Italian agreement of the 12th September, 1919, had merely straightened out two French salients which had previously projected into the south-western flank of the desert hinterland of the Italian colony of Libya between Ghadames and Tummo.² Unlike the British cession of Jubaland in settlement of the corresponding British obligations, these first French territorial concessions to Italy in Africa had never been accepted on the Italian side as a full and

¹ It was published in *La Documentation Internationale* (Paris), issue of the 15th April, 1935.

² See the *Survey for 1920-3*, pp. 360-1.

fair settlement of French obligations under the London Treaty.¹ The new rectifications—which were expressly declared, in the General Declaration of the 7th January, 1935, to have discharged France completely of her obligations under this head—would not appear, to an outside observer, to have been of substantially greater value than those of 1919. They consisted of a large trapezoidal strip of French territory along the borders between French West Africa and Equatorial Africa on the one side and Italian Libya on the other, and of a minute triangle of French territory along the border between French Somaliland and Italian Eritrea. But Italy's new Libyan acquisition was covered, over the greater part of its imposing area of 114,000 square kilometres (about 44,000 square miles), by much the same 'light soil' as the Ghadames-Ghat and the Ghat-Tummo salients. Even the slice of the Tibesti Mountains which the newly ceded Libyan territory included appears to have been the most arid and most sparsely inhabited portion of that relatively less ill-favoured region; and the whole of the territory contained no more than 900 inhabitants.² As for the new Eritrean acquisition, with its area of only 800 square kilometres³ (about 309 square miles), it was as barren as it was small. Its value was exclusively strategic—consisting in a coast-line, 22 kilometres (13½ miles) long, which fronted upon the Straits of Bābu'l-Mandab, together with the off-lying islet of Dumayrah.

In consenting to this settlement of his territorial African claims against France, Signor Mussolini was renouncing his ambitions to acquire the whole of French Somaliland and to extend the Italian

¹ 'Les compensations accordées par la Grande-Bretagne ont été estimées suffisantes par l'Italie; mais, par contre, celle-ci a jugé que la France n'avait pas complètement satisfait aux obligations du pacte de 1915. Pendant de longues années des négociations se déroulèrent à ce sujet, sans aboutir à un résultat; en 1928 encore M. de Beaumarchais, notre ambassadeur, présenta au gouvernement italien, au nom de la France, des propositions qui ne furent pas acceptées.'—Statement by Monsieur Laval in the French Senate on the 26th March, 1935.

² Statement by Monsieur Laval in the French Senate on the 26th March, 1935. Signor Mussolini's own estimate of the number of 'souls' which he had acquired for Italy from France in Libya was still lower than Monsieur Laval's. In an interview, given to a representative of *The Daily Mail*, which was published in that newspaper on the 19th September, 1935, Signor Mussolini remarked, on this point:

I got 110,000 square miles of Saharan desert from the French a little while ago. Do you know how many inhabitants there are in that desolate area? Sixty-two. They had to be searched for like a needle in a haystack, and were eventually found tucked away in an isolated valley which happened to have enough water to be cultivable.

The 'miles' in this passage is presumably a slip for 'kilometres'.

³ The area was given as 700 square kilometres by Monsieur Laval in his speech in the French Chamber on the 28th December, 1935.

domain in Libya as far south as the shores of Lake Chad. His disappointment over French Somaliland was partly compensated for by the terms of a declaration on economic collaboration, which provided for the transfer to Italian hands of a portion (which subsequently proved to have amounted to about 7 per cent.)¹ of the shares of the French-owned Djibouti-Addis Ababa Railway; for the sole value of French Somaliland lay in the fact that it contained the port from which this railway penetrated the Abyssinian hinterland. Yet, even taking into account this concession of a trivial and non-controlling share in the ownership of an important African railway, it is difficult to suppose that Signor Mussolini would have contented himself, at the end of a bout of hard bargaining, with these modest acquisitions in Africa at the expense of France if he had not already come to the conclusion that a Franco-Italian settlement would open the way for him to make further African territorial acquisitions, on a vastly greater scale, at the expense of Abyssinia.

Signor Mussolini's moderation, *vis-à-vis* France, on the territorial question appears still more striking in the light of the Tunisian settlement; for this settlement implied a definite renunciation of the Italian dream, which had never ceased to haunt Italian minds since the declaration of the French protectorate over Tunisia in 1881, that one day this Islamic country might pass out of French into Italian hands in virtue of its proximity to Italian shores and of the numerical preponderance of the Italian over the French element in the European minority of the population.

Hitherto Italy had retained an important hold upon Tunisia in virtue of the Franco-Italian Consular and Settlement Convention, regarding Tunisia, of the 28th September, 1896, which perpetuated, for so long as it remained in force, the Italian nationality both of the Italian residents in Tunisia and of the Italian schools and other cultural institutions in the country. This convention had been denounced by the French Government on the 9th September, 1918, and thereafter, ever since the expiry of the year's grace, it had been renewed for successive periods of three months.²

The protocol of the 7th January, 1935, provided for the progressive liquidation of this latterly precarious *imperium Italicum in imperio Gallico*, as from the 28th March, 1945. While children born of Italian parents in Tunisia before that date were to retain their Italian

¹ That is, 2,500 shares out of 34,500, according to a statement made in the French Chamber by Monsieur Laval himself on the 26th January, 1935, and his subsequent speech in the Senate on the 26th March.

² See the *Survey for 1925*, vol. i, pp. 181-4.

nationality, those born between 1945 and 1965 were to be at liberty to adopt French nationality if they chose, and after 1965 they were to be subject to 'the common law': that is to say, to the French legislation in regard to nationality in Tunisia. The Italian schools were to retain their present status until 1955, and were then to become private schools governed by French legislation on educational matters. Italian nationals who had been admitted to the exercise of any of the liberal professions in Tunisia before 1945 were to retain their rights for the duration of their lives.

The remaining instruments in the Franco-Italian Pact of the 7th January, 1935, related not to Africa but to Europe.

The Austrian problem was dealt with by a Franco-Italian agreement to recommend, for conclusion between Austria and a number of other 'particularly interested states', a convention providing for reciprocal non-intervention (which was defined in wide terms, to rule out intervention of many kinds).¹ In the first instance, it was proposed that this convention should be concluded between Austria and all her immediate neighbours with the exception of Switzerland:² that is to say, Italy, Yugoslavia, Hungary, Czechoslovakia and Germany. The convention was then to be open for immediate adherence on the part of France, Poland and Rumania, and for eventual adherence on the part of other Powers if occasion should arise. For the meanwhile, the French and Italian Governments agreed that, without waiting for the conclusion of the general convention, they would consult with one another and with Austria herself—in the event of any menace to the independence of Austria or to her integrity—with regard to the action that should be taken. Such con-

¹ In the French official résumé of the contents of the pact, which was fuller on this head than the Italian résumé, the account of the proposed non-intervention agreement ran as follows:

Les deux gouvernements ont été d'accord pour considérer que la réaffirmation de l'obligation pour tout État de respecter l'indépendance et l'intégrité territoriale des autres États, principe auquel ils sont l'un et l'autre attachés, contribuerait à développer les sentiments de confiance dans cette partie de l'Europe. Ils sont convenus de recommander aux États particulièrement intéressés la conclusion d'une convention comportant notamment l'engagement réciproque de ne pas s'immiscer dans leurs affaires intérieures respectives et de ne susciter ou favoriser aucune agitation, ou propagande, ayant pour objet de porter atteinte par la force à l'intégrité territoriale ou au régime politique ou social d'un des pays contractants, ceux-ci pouvant d'ailleurs conclure dans le cadre de la Société des Nations des accords particuliers destinés à garantir l'application de ces principes.

² Switzerland was not excepted expressly; but her name did not appear in the list of states mentioned, in this connexion, in the Italian and French official résumés. Presumably it was taken for granted that Switzerland's traditional policy of neutrality would deter her from taking part.

sultations were to be extended to the other Governments with a view to obtaining their collaboration.

Finally the Franco-Italian Pact of the 7th January, 1935, touched upon the question of German rearmament by placing on record the two parties' agreement in recognizing the principle that no country was entitled to modify its armaments obligations by unilateral action; and they also agreed to act in concert in the event of this question being alleged to have arisen in practice.¹ At the same time they noted that the principle of equality of rights, as defined in the declaration of the 11th December, 1932,² had lost none of its validity.

On the 22nd March, 1935, the agreements of the 7th January, 1935, were ratified in the French Chamber by 555 votes to 9, and on the 26th of the same month they were ratified by the French Senate unanimously.

(d) THE REACTIONS TO THE FRANCO-ITALIAN PACT IN THE DIFFERENT COUNTRIES CONCERNED

The main reaction to the Franco-Italian Pact of the 7th January, 1935, was expressed by Monsieur Laval himself in a striking passage of his reply to Signor Mussolini's toast at a banquet given by the Duce at the Palazzo Venezia on the 5th, two days before the instruments were signed.

Peace must be maintained and consolidated. Our civilization must not be allowed to disappear. Let us give ear to the lesson of the past: it is always through war that civilizations have foundered. Have we perhaps arrived at a moment in the history of Man at which he may be dreaming of destroying with his brutal hands what has been constructed by his genius? In face of the remains of Ancient Rome, let us take together an oath not to allow Humanity to relapse into the obscurity which has been Man's lot in so many ages.

These words must have rung curiously in the ears of the Romagnol dictator to whom they were addressed, since he was already meditating a war of aggression in Africa; and they must have echoed more strangely still in the mind of the speaker himself, whose shrewd wit must assuredly already have divined his Italian colleague's African intentions. It is possible, however, that Monsieur Laval, as he spoke these words, was untroubled by any inward sense of contradiction or even of incongruity; for although he was avowedly giving voice, in this passage, to 'the duty of international solidarity', and had asserted that, in being mindful of this duty, a statesman was not

¹ 'Nel caso in cui questa eventualità dovesse verificarsi'—Italian résumé; 'au cas où ce principe serait méconnu'—French résumé.

² See the *Survey for 1932*, pp. 288-9.

being guilty of treason towards his own country, he also admitted that this international duty was 'sometimes difficult to accomplish', and declared that the duty of patriotism must come first. In fact, when Monsieur Laval spoke of 'civilization' and 'war' and 'human brutality' in this context we may guess that it was French civilization, and a German war of aggression against France, that were almost exclusively in his mind. And this reduction of the general to the particular was still more apparent in Monsieur Laval's subsequent speech in the French Senate on the occasion of the unanimous ratification of the agreements by that body on the 26th March—ten days after the reintroduction of military conscription in Germany on the 16th of the same month.

At the moment [said Monsieur Laval on this occasion] when Germany has just deliberately violated Part V of the Versailles Treaty by repudiating the obligations therein imposed upon her, it is comforting to see a great country like Italy unreservedly collaborating in the work of international solidarity.

In the course of the same speech, Monsieur Laval did, however, declare:

We desire peace for all, with honour and dignity for each; and, in pursuing this aim, we continue in the noble French tradition.

And, in particular, Monsieur Laval gave, on this occasion, an assurance to Abyssinia for at least the third time since his return from Rome.¹

As for Ethiopia, it has been asked whether I may not have forgotten the rôle of friend and protector which France has always played towards her. I reply that I have forgotten nothing, and that on this point I have not conceded anything with which I could be reproached. Nothing in the Rome Agreements tampers with the sovereignty, independence and territorial integrity of Ethiopia, as these are guaranteed by the Anglo-Franco-Italian Agreement of the 13th December, 1906, and also—it should not be forgotten—by the Covenant of the League of Nations.

On the Bellman's principle of 'What I tell you three times is true', the Emperor Haile Selassie should have been free from a load of anxiety from this date onwards.²

¹ He had already given assurances which were briefer, but not less explicit, in addressing a joint meeting of several of the commissions of the Chamber on the 26th January, and again in addressing the Chamber itself on the 22nd March.

² When the Italian war of aggression against Abyssinia was at its height, Monsieur Laval, in his speech in the French Chamber on the 28th December, 1935, explicitly denied, once again, that he had given Signor Mussolini a free hand in Abyssinia during the negotiations at Rome in the preceding January:

'But there is something', people say, 'that has been concealed from us'; and the rumour comes trailing—comes running—that I gave Signor

On the other side, Signor Mussolini was equally solicitous in soothing the apprehensions of his own protégée Hungary.

In Central Europe [he said, in proposing Monsieur Laval's health at the banquet on the 5th January in the Palazzo Venezia] it is not a question of renouncing our respective friendships ; it is a question of harmonizing, in the Danubian Basin, the vital interests and necessities of each of the states with exigencies of a general order, for the purpose of giving Europe peace.

If Monsieur Laval's declarations ought to have assured the Abyssinians that they had no ground for fearing any attempt at treaty revision at their expense, then Signor Mussolini's declaration, just quoted, ought equally to have assured the Magyars that their claims to treaty revision at the expense of their neighbours were not being thrown overboard by their Italian ally.

The Franco-Italian negotiations were nevertheless watched in Hungary with considerable anxiety ; for the revision of the territorial and other terms of the Peace Treaty of Trianon in Hungary's favour was still, as it had always been, the almost exclusive object of post-war Hungarian policy ; and the *rapprochement* of Hungary's recent patroness Italy towards France now manifestly threatened to draw Italy into the anti-revisionist camp. In particular, the common Franco-Italian concern to maintain the post-war territorial régime in respect of Austria had found expression in the project of a non-intervention

Mussolini *carte blanche*. No, I have nothing to conceal: I say this for the ears of the Chamber and for the ears of the World. I did grant to Italy, by an act of economic abnegation on the part of France, the right to ask for concessions throughout Ethiopia—subject to a respect for acquired rights—and Italy conceded the same right to us in regard to a zone sufficient to feed the traffic between Djibouti and Addis Ababa. Italy thus obtained advantages [from us] corresponding to those which England had conceded to her in 1925. It was her business to profit by this concession through an endeavour to achieve collaboration with Ethiopia. Ethiopia's development has had a slower rhythm than Europe's ; and such collaboration would have been as profitable for Ethiopia as it would have been advantageous for Italy herself. France had no intention of placing any obstacles in the way of this peaceful development of [Italian] influence. I had the right to suppose that this freedom would be made use of by Italy in a peaceful way, and in that way only. There was nothing either in the agreements or in the conversations which preceded or followed them that could encourage Italy to resort to war. I am too deeply attached to peace not to want it to be universal and not to be aware that it is fragile. How can it be imagined that I should not have estimated the consequences, for the peace of Europe and for the security of France, of a warlike enterprise [even] in a distant theatre ? At the moment when I was signing a treaty of friendship with Italy with the object of reinforcing collective security in Europe with a Franco-Italian collaboration that was to be a reality, I should have been imprudent, and perhaps even culpable, if I had smoothed the path for some adventure or other in Africa which would deprive us of the presence, and the assistance, of our neighbour in Europe.

agreement which, in including all Austria's immediate neighbours, and eventually Rumania as well, would place a new and serious obstacle in the path of Hungary's aspirations to treaty revision at the expense of her own successor states. In this situation, the general tone of the Hungarian reaction was one of apprehension mingled with embarrassment. Hungarian misgivings could not be altogether concealed; but in public comments in Hungary an attempt was made to put as good a face as possible upon a major event of post-war European history which Hungary could not prevent, or indeed influence, even if she would. For the Magyars wanted neither to give offence to Italy by showing resentment nor to hearten the Little Entente by betraying their own discouragement.¹

The states members of the Little Entente, for their part, were also embarrassed in some degree, though, of course, for a different reason. The Franco-Italian *rapprochement* put a certain strain upon the solidarity of the Little Entente Powers because it brought to light a difference of interest between Czechoslovakia and Yugoslavia. While Czechoslovakia had every ground for welcoming the conclusion of the Franco-Italian Pact, Yugoslavia had the same grounds for anxiety as Hungary, *mutatis mutandis*. For Czechoslovakia, who had no quarrel with Italy and had even more to fear than Italy had from an *Anschluss* of Austria to Germany, the proposed non-intervention agreement in Central Europe would be an important reinforcement of Czechoslovak security without any countervailing drawbacks. Yugoslavia, on the other hand, was bound to ask herself whether Monsieur Laval's stroke in acquiring for France so powerful a new friend as Italy might not diminish, in French estimation, the value of the older friendship between France and Yugoslavia; and this consideration seems to have aroused in Yugoslavia a certain fear that she might find herself left by France in the lurch between Italy and Hungary. In this connexion, the Yugoslavs did not relish the prospect of being committed to joint action with this pair of unfriendly neighbours for the purpose of resisting a German act of aggression against Austria. In particular, the Slovenes saw in the terms of the non-aggression pact a new obstacle to a realization of their aspirations to recover the Slovene *terra irredenta* which the Peace Treaty of Saint-Germain had awarded to Italy (an objection to the non-inter-

¹ The Hungarian press took the line that Hungary had no fault to find with the proposed non-intervention agreement, since what it ruled out was not the policy of treaty revision itself but only the promotion of such a policy by violent means; and Hungary (according to the Hungarian press) had no intention of resorting to other than peaceful means in pushing a demand for treaty revision which she would never abandon.

vention agreement project which was a Yugoslav counterpart of the principal Hungarian objection to it). Indeed, before the end of January 1935, the Slovene statesman Mgr. Korošec, together with other representatives of the extra-parliamentary Opposition in Yugoslavia, made a protest to the Prime Minister against the Franco-Italian agreements, on the ground that these were inimical to Yugoslav interests. Nevertheless the Yugoslav Government felt themselves constrained—by considerations corresponding to those that had moved the Hungarian Government, as well as by a wish to avoid any appearance of a rift in the Little Entente—to put a good face upon an unpalatable *fait accompli*; and this accommodating attitude on Yugoslavia's part made it possible for the Permanent Council of the Little Entente, meeting in special session at Ljubljana on the 11th January, to issue the following *communiqué*:

The three Ministers for Foreign Affairs have manifested their satisfaction at the results of the negotiations conducted between Signor Mussolini and Monsieur Laval, which they considered to be of such a nature as to reinforce in a large measure the maintenance and organization of peace. They have decided to collaborate with all the interested Powers to put the principles of the Rome Agreements into practice in the most sincere spirit, being careful at the same time to safeguard both their national interests and the general interest of which the Little Entente has on all occasions been the faithful defender.

In the German press it was reported¹ that, in private, the Little Entente states—and with them, the Balkan Entente states²—were making their eventual collaboration in the Central European or, more accurately, Danubian non-intervention agreement subject to certain conditions: for example, that the non-intervention obligations, as defined in the Franco-Italian Pact, must be fulfilled by Italy, Hungary and Austria with the same scrupulous precision as by the other contracting parties; that neither the restoration of the Hapsburgs nor the question of national minorities should be regarded as an 'internal affair' of any of the states concerned;³ and that, in all

¹ See the *Frankfurter Zeitung*, 30th January, 1935.

² Two of the prospective signatories of the proposed Danubian Pact—namely Yugoslavia and Rumania—were members of the Balkan Entente as well as of the Little Entente.

³ Under the non-intervention pact project, the parties were to pledge themselves not to interfere in one another's internal affairs; and the purpose of the alleged reservation on the two points above mentioned would be to except both points from the scope of this self-denying ordinance. At first sight it may seem strange that the Little Entente countries, which contained, between them, all the 'unredeemed' Magyar minorities, should have wished to insist that minority questions were *not* internal affairs. If they really did lay down this condition it must have been designed to appease Slovene anxieties over the possible fate of the Slovene minority in Italy.

participating countries, public propaganda for treaty revision should be suppressed.¹ No doubt this testimony should be received with some caution—coming, as it does, from a source which would be inclined to make the most of any divergence of view and aim between the Little Entente and the new Franco-Italian *bloc*—yet it is evidently not improbable that these considerations were at any rate prominently in the minds of the Little Entente statesmen, whether or not they were ever actually submitted to the French and Italian Governments.

On the 20th January, 1935, the Franco-Italian Pact was discussed at a meeting in Geneva of the Council of the Balkan Entente, under the presidency of the Greek Foreign Minister, and a *communiqué*² was issued in the sense of the Little Entente Council's *communiqué* of the 11th, but in rather more pointed language.

The Balkan Entente hopes [the *communiqué* announced, among other things] that these arrangements [between France and Italy] can be usefully completed in ways that will take account of the special situation of all the countries interested in the consolidation of peace in Central and Eastern Europe.

The insertion of the reference to Eastern Europe in this passage was the re-affirmation of a feeling—which the Balkan Entente shared with the Little Entente and with the Soviet Union—that the proposed Eastern Pact was more pertinent than the proposed Danubian Pact to the national security of these countries. Their representatives were, indeed, reported to have urged upon Monsieur Laval that the Danubian Pact should be allowed to wait until the Eastern Pact had been concluded; and the French Foreign Minister was said to have found some difficulty in persuading them to agree upon the compromise plan of initiating the negotiations for the two pacts simultaneously.

The Soviet Government might have been expected, as a lately joined recruit to the European anti-revisionist camp, to welcome the conclusion of the Franco-Italian Pact as providing an additional bulwark against the danger of aggression on the part of Germany. Soviet statesmen seem, however, to have been more strongly influenced by a dislike of seeing important European affairs being transacted without their own participation—especially when one of the principal parties to the transaction was the Soviet Union's new-found friend France. A France who had secured Italy for her ally might

¹ This condition, if eventually inserted in the draft of the proposed agreement, would evidently be extremely unpalatable to the Hungarians.

² Text in the *Messenger d'Athènes*, 22nd January, 1935.

perhaps be inclined to set less store by her friendship with the U.S.S.R.; and the Franco-Italian Pact might be a first step towards a resuscitation of the Four-Power Pact¹ which had been one of Moscow's bugbears.

On the other hand, 'the Roman Peace' which the Franco-Italian Pact was alleged to have now given to the Danube Basin was lauded in almost fulsome terms by the statesmen and by the press of the Schuschnigg régime in Austria—a régime whose existence was, to all appearance, almost wholly dependent upon the maintenance of a united Franco-Italian front against any future renewals of the attempt to bring about a *Gleichschaltung* of Austria with the Third Reich.

In Poland the taking of position towards the negotiations between Monsieur Laval and Signor Mussolini became an issue between the Government and the Opposition. In the governmental press, the news that Monsieur Laval had at last actually taken the train for Rome was received with an almost slighting scepticism regarding the possibilities of agreement, whereas the oppositional press was courteous in its prognostications and generous in its recognition of the success of the outcome.

In Germany the proceedings at Rome were followed with a grim reserve which should have helped to reassure the Soviet Government that the Franco-Italian *rapprochement* was not, after all, likely to be the prelude to a resuscitation of the Four-Power Pact with its point turned against the Soviet Union. The inclusion in the pact of a manifesto against any unilateral repudiation of the disarmament chapters of the peace treaties must have strengthened the Germans' aversion from the project for a Danubian Pact, since it was one of the principles of German foreign policy at this time that Germany should decline to enter into any security pacts except on condition of receiving simultaneous recognition, in practice and no longer just in theory, of her right to equality of status with other Powers in the matter of armaments. Nor can the Germans have been deeply impressed by the assertion which was made by both Signor Mussolini and Monsieur Laval on the 7th January, in their speeches following the signature of the Rome agreements, that neither these agreements nor the policy which they embodied were directed against anybody.

At the same time, the courtesies were sedulously maintained on both sides; for it was an essential part of the Franco-Italian plan that Germany should be persuaded to become a party to the Danu-

¹ See the *Survey for 1933*, pp. 206-24.

bian Pact, while Germany, for her part, wanted neither to break completely with Italy nor to admit that the formation of a Franco-Italian united front was a serious blow to her. Accordingly the French and Italian Ambassadors in Berlin paid (separate) visits to the *Auswärtiges Amt* on the 4th January to inform the German Government of the proposals which Monsieur Laval and Signor Mussolini were then on the eve of discussing; and on the last day of January Signor Mussolini received the German Ambassador in Rome to discuss with him the project for a Danubian Pact, which had been communicated to the German Government as one of those whose adhesion it was hoped to obtain.

On this occasion Herr von Hassell appears to have handed in a note, asking for further explanations of the project on five specific points, which was communicated simultaneously to the French Government by the German Ambassador in Paris. The German note was reported to have proposed that invitations to adhere to the non-intervention agreement should be extended to Switzerland, who was an immediate neighbour of Austria, and to the United Kingdom, whose situation, in this respect, was no different from those of France and Rumania. The German Government also wanted to know whether the obligation of non-intervention in Austria was to hold good for all the signatory Powers without exception, or whether a right of intervention in Austria was to be reserved to Italy and France. They wanted to know, again, how long the bilateral Franco-Italian consultation agreement in regard to Austria was to remain in force, and whether it was to terminate upon the signature of the multilateral agreement by the other parties. Explanations were also asked for concerning the provision that any participating state should be at liberty to conclude other agreements for the same object with other states. Finally the German Government wanted—in view of Germany's withdrawal from the League of Nations—to know whether the agreement was to be placed under the auspices of the League and registered at Geneva.

The truth was that the proposed agreement, so far from being inimical to Herr Hitler's ambitions for a *Gleichschaltung* of Austria, would be decidedly favourable to them if it were to ensure a genuine abstention from interference in Austria's internal affairs on the part of all other signatories, together with a genuine liberty for Austria to decide her own destiny. For Germany was the only one of the countries whose participation was contemplated that could have any hope of winning the *Anschluss* of Austria under these conditions. Assuredly the Austrians would never vote spontaneously for union

with Italy or Czechoslovakia or Hungary or even Switzerland, whereas a spontaneous vote for union with Germany was manifestly not out of the question. It was notorious, of course, that a common will to prevent, and not to promote, the *Anschluss* of Austria to Germany was the overriding identic interest that had bridged the long-standing breach between France and Italy; and it was therefore certain that the prevention, and not the promotion, of the *Anschluss* was also the intention of the Franco-Italian project for a Danubian Pact. The German Government's queries were ably designed to bring to light the contradiction between this underlying purpose of the project and its ostensible design.

In the United Kingdom the accomplished fact of Franco-Italian reconciliation was heartily welcomed both unofficially and officially. British observers had always deplored the post-war Franco-Italian feud—in general because it was one of the major elements of discord and uncertainty in a distracted Europe, and in particular because its reflexion in the shape of a Franco-Italian naval rivalry was a perpetual obstacle in the way of securing a comprehensive naval armaments limitation agreement between all five of the leading naval Powers of the post-war World.¹ The Franco-Italian Pact of the 7th January, 1935, promised not only to remove these older dangers and difficulties,² but also to parry the new menace to European liberties from a resurgent Germany by erecting a powerful barrier across the Austrian line of least resistance for an expansion of the Third Reich. The British Government and public were gratified at the prospect of seeing the balance of power on the European Continent maintained by a formidable Franco-Italian combination which might be prepared, in the last resort, to back its policy by the use of military force without calling upon the British for more than an innocuous declaration of benevolent approval. In their sanguine new-year comments on the improvement in the European situation which the Franco-Italian Pact of the 7th January, 1935, was likely to produce, British observers showed no suspicion of the fact that this Franco-Italian settlement in Europe was the overture to a crisis in Africa which, before the year was out, would bring upon the United Kingdom an intense anxiety and perhaps even humiliation.

While the Franco-Italian *rapprochement* was producing these various

¹ See the *Survey for 1929*, pp. 14-18, 50-2; the *Survey for 1930*, Part I, section (ii); the *Survey for 1931*, pp. 259-78; the *Survey for 1932*, pp. 221-2, 225, 291-2.

² Though the pact contained no Franco-Italian naval agreement, it was plainly calculated to facilitate the conclusion of such an agreement at a future date.

repercussions in other European countries, the French and Italians themselves were busily engaged in cementing their newly found friendship by exchanges of visits: official and unofficial, business-like and decorative.

The most business-like of all these exchanges were the naval, military and air missions which went to and fro between France and Italy in the course of the year. For example, a French air mission, headed by General Denain, the French Air Minister of the day, arrived at the Rome airport on the 10th May, 1935; and on the 13th the General, before starting on his return flight, signed with the Duce a batch of air-conventions, dealing with the establishment of air-lines, to replace agreements which had been signed at Turin on the 10th March, 1929. Meanwhile, on the 8th May, a French naval squadron had arrived at Naples for a round of visits to Italian ports which ended up at Venice (with an incidental visit to the Yugoslav port of Cattaro on the way). In July, the Chief of the French General Staff, General Gamelin, paid a visit to the Chief of the Italian General Staff, Marshal Badoglio; and the two soldiers were reported to have arranged on this occasion for a redistribution of the French and Italian military forces which would denude, on both sides, the hitherto heavily garrisoned Franco-Italian frontier in order that the troops liberated from this service might be sent to reinforce those which would carry out the concerted Franco-Italian military action that was contemplated in the event of a German attack upon the independence of Austria. In the early part of September (when the international tension over the Italian threat of aggression against Abyssinia was approaching its crisis) Marshal Badoglio paid a return visit to General Gamelin and was conducted by him round the French fortifications along the Franco-German frontier in the Moselle region.

On the civil side, the month of May was celebrated by official visits of the Governor of Rome to the Paris municipality, and of the Italian Under-Secretary of State for Corporations to the Paris commercial fair. On the 15th August a new Italian Ambassador, Commendatore Cerruti, arrived in Paris, and he presented his credentials on the 28th, in time to collaborate with Monsieur Laval in his obstruction of the collective attempt to implement the League Covenant in dealing with Italy's aggression against Abyssinia.

Simultaneous attempts were made to improve the economic relations between France and Italy. A French commercial mission arrived in Rome early in March 1935; and, after a temporary check, the negotiations were resumed at Milan in April and resulted, this

time, in the conclusion of a provisional agreement. The wheels were greased by a celebration, in March, of the jubilee of the foundation of the French Chamber of Commerce at Milan; by a visit of French industrialists to Italy in April; and by a return visit of Italian industrialists to the Moselle district in June.

In the latter month an informal Franco-Italian agreement was reached on the delicate question raised by the French Government's policy of repatriating aliens resident in France as a means of relieving French unemployment. Since the 7th January, 1935, a certain considerateness had been shown in the application of this French policy to aliens of Italian nationality; but there had been cases in which the French local authorities had misused their powers under these regulations in order to coerce Italians, threatened with deportation, into assuming French nationality. As a result of the June agreement, these practices were checked.

On the decorative side, celebrations in honour of the Garibaldians who had fought for France in the Argonne gave occasions for Franco-Italian fraternization in January and March. Standing committees for organizing exchange visits of French and Italian ex-service men were also set up in Rome and Paris in March, and 2,000 French ex-service men met with an enthusiastic reception in Italy in April. The Italian return visit, which had been arranged for September, had to be postponed in consequence of the number of enlistments of Italian ex-service men for the East African War.

Finally, the arts were enlisted in the service of politics by the holding of two exhibitions of Italian art in Paris in the spring and early summer.

This intensive cultivation of emotional links of friendship between two peoples who had been profoundly estranged from one another before the beginning of the year 1935 was a characteristic incident of international politics in a generation in which the politicians were minutely studying and cold-bloodedly putting into practice the science of propaganda. In the case under review, the propagandist 'after-care' with which the birth of Franco-Italian friendship on the 7th January, 1935, was thus followed up was probably not without effect in determining the French people's choice when, under pressure of Signor Mussolini's insistence upon committing his aggression in Africa, the French showed an inclination to sacrifice their traditional championship of the sanctity of treaties and the principle of collective security on the newly erected altar of Franco-Italian fraternity.

(vi) The Three Western Powers and Germany (1935)

(a) THE CONVERSATIONS BETWEEN THE FRENCH AND BRITISH MINISTERS IN LONDON ON THE 1ST-3RD FEBRUARY, 1935

In the foregoing chapter some account has been given of the negotiation of the Franco-Italian Pact of the 7th January, 1935. The French Government who had achieved this remarkable diplomatic success, thanks to the ability of the Foreign Minister, Monsieur Pierre Laval, showed no disposition to rest upon their laurels. Having just secured an almost sensational change for the better in their relations with their neighbour beyond the Alps, they set themselves forthwith to obtain an analogous result through entering into conversations with their opposite neighbour beyond the Channel.

The Franco-British conversations which duly resulted in the issue of the joint *communiqué* of the 3rd February, 1935, were comparable to the antecedent Franco-Italian negotiations in so far as they, too, were prompted by French alarm at the resurgence of Germany and were favoured by the fact that this alarm was shared in some degree by the neighbouring European country with whom the French statesmen were dealing. At the same time the analogy was only partial, for while, in form, the United Kingdom and Italy stood to France in precisely the same relation as allies in the General War of 1914-18 and as co-beneficiaries from the common victory, in fact the respective relations of France with Italy and with the United Kingdom during the post-war years had been very different. Whereas Italy had indulged in a bitter feud against France, and had carried her hostility to the length of ranging herself, side by side with the defeated 'enemy' Powers, in the revisionist camp, the British Government's and people's post-war sympathy towards Germany and post-war irritation with France had been, both alike, Laodicean; and during this period Franco-British relations, unlike Franco-Italian relations, had not been envenomed either by territorial disputes or by competition in armaments. The vexatious questions arising from the conflict of colonial ambitions in Africa, which were only disposed of, as between France and Italy, on the 7th January, 1935, had been settled, as between France and the British Empire, at the time of the conclusion of the Entente Cordiale of 1904. Since then there had been few direct clashes of French and British national or imperial interests; and after the two Powers had divided between themselves the lion's share of the German colonial spoils in the peace settlement of 1919-20 they had found that, on the post-war political map of the

World, there was comfortable room for them both to spread themselves at ease, in the luxurious accommodation that had been reserved for the 'sated' Powers, without any further danger of their treading upon one another's toes.¹

In this respect the task to which MM. Flandin and Laval addressed themselves on the morrow of Monsieur Laval's return from Rome in January 1935 was decidedly easier than the task which they had just successfully accomplished. At the same time there were difficulties in the path of Franco-British co-operation in the post-war world which were familiar because they had been perpetually presenting themselves ever since the Armistice of 1918, and which were the same in essence as the recently surmounted difficulties that had lain in the path of French co-operation with Italy.

Like Italy, the United Kingdom had shown herself too tender towards Germany and too unsympathetic towards France's East European allies for French liking; and while the British had never felt these feelings with the Italian intensity and had never gone to the Italian lengths in translating them into practical politics, it was also true that the reaction produced by Herr Hitler's advent to power in Germany had had less influence upon British policy than upon Italian. The British public and the Italian dictator were, indeed, moved in this matter by entirely different feelings and considerations. For Signor Mussolini, the triumph of National Socialism in Germany had quickly conjured up the prospect that the Third Reich might sweep Austria into its net and might then hoist the Swastika flag over the crest of the Brenner within sight of the oppressed Austrian German minority under Italian rule in the South Tirol; and this prospect constituted such a deadly danger to Italian security from the Italian standpoint as to justify and indeed demand a reversal of Italian foreign policy without regard to what might be the feelings of the Fascists towards the National Socialists. In Great Britain a hostility was aroused by the German National-Socialist Revolution which had no counterpart in Italy (where the fear of Germany's reviving power was not reinforced by any indignation at Nazi methods, but on the contrary was tempered by a flattering belief that the Third Reich was following in Fascist Italy's footsteps); but there was at the same time little disposition in England to translate sentiment against the Third Reich into terms of action. For one

¹ The only region in which there had been any serious collisions between French and British Imperialism during or since the General War of 1914-18 was that corner of South-Western Asia which was inhabited by Arabic-speaking populations formerly subject to the Ottoman Empire.

thing, there was a feeling in England that it was dangerous to mix up domestic and foreign affairs, and that, while Herr Hitler's domestic policy might be detestable to British tastes, his foreign policy, at any rate so far, had been of a different order. It was also felt in England—and this very strongly—that the shortcomings of British foreign policy since the War of 1914–18 were one of the causes of Herr Hitler's advent to power, and that it could only make things worse if the British Government were to persist in the same course. In view of this attitude in England, the obstacles to Franco-British co-operation, though always less formidable than those which had formerly stood in the way of Franco-Italian co-operation, seemed likely, such as they were, to be not much less difficult to surmount in January 1935 than they had been before January 1933.

The suggestion that MM. Flandin and Laval should pay a visit to London at an early date had been made by Sir John Simon in Paris on the 22nd December, 1934, before Monsieur Laval's visit to Rome had taken place; and the proposal was discussed further, between Monsieur Laval, Sir John Simon and Mr. Eden, at Geneva on the 12th January, 1935, and was considered thereafter, on the 14th, at a Cabinet meeting in London. The prospect of these Franco-British conversations on British ground aroused some anxiety among the statesmen of the Little Entente and the Soviet Union lest the British might induce the French to make concessions to Germany in the matter of armaments—for example, by way of voluntarily agreeing to the abrogation of the armaments chapter of the Versailles Treaty—without simultaneously insisting, as a *quid pro quo*, that Germany should adhere to the Danubian and the Eastern Pacts. With a view to allaying these fears, Monsieur Laval followed up his conversations at Geneva with the two British Ministers by going over the same ground with Monsieur Titulescu and Monsieur Litvinov, and it was reported that on the 19th January, before returning to Paris, he promised them that he would make Germany's adherence to the two pacts a condition of his entering into further negotiations with the German Government on the armaments question. On the 21st it was reported from Paris that, except on this condition, the French Government were unwilling to concede the German claim to equality of rights in the matter of armaments; and by the 27th January, when the French Ministers' visit to London was imminent, it was being rumoured that the French terms for any concessions to Germany were now distinctly stiffer than they had been on the 22nd December, when Sir John Simon had given the invitation, though still by no means as intransigent as they had been under the régime of

Monsieur Barthou.¹ These rumours of a stiffening of the French attitude inevitably had their effect in Germany, where they strengthened the disinclination to purchase foreign acquiescence in the accomplished facts of German rearmament at the price of submitting to conditions that had been arranged in advance between other Governments over the German Government's head. On the French side, *Le Temps* sounded a note of caution on the 29th January; and on the same day Monsieur Franklin-Bouillon made an outburst—which was dexterously parried by Monsieur Laval—in the Chamber. These were the immediate antecedents of the arrival of MM. Laval and Flandin in London on the 31st January, 1935.

The London conversations lasted from the 1st to the 3rd February; and, after their termination on the latter day, a *communiqué*² was published, in which the last four out of the seven paragraphs ran as follows:

The British Ministers expressed the congratulations of His Majesty's Government on the conclusion of the Rome Agreement regarding Central Europe, and made it clear that, as a consequence of the declarations made by His Majesty's Government in conjunction with the French and Italian Governments on the 17th February and the 27th September last,³ His Majesty's Government consider themselves to be among the Powers which will, as provided in the Rome Agreement, consult together if the independence and integrity of Austria are menaced.

The British and French Ministers hope that the encouraging progress thus achieved may now be continued by means of the direct and effective co-operation of Germany. They are agreed that neither Germany nor any other Power whose armaments have been defined by the Peace Treaties is entitled by unilateral action to modify these obligations. But they are further agreed that nothing would contribute more to the restoration of confidence and the prospects of peace among nations than a general settlement freely negotiated between Germany and the other Powers. This general settlement would make provision for the organization of security in Europe, particularly by means of the conclusion of pacts, freely negotiated between all the interested parties, and ensuring mutual assistance in Eastern Europe and the system foreshadowed in the Rome *procès-verbal* for Central Europe. Simultaneously, and in conformity with the terms of the declaration of the 11th December, 1932, regarding equality of rights in a system of security, this settlement would establish agreements regarding armaments generally which, in the case of Germany, would replace the provisions of Part V of the Treaty of Versailles at present limiting the arms and armed forces of Germany. It would also be part of the general settlement that Germany should resume her place in the League of Nations with a view to active member-

¹ See pp. 19 *seqq.*, above.

² Text in British White Papers *Cmd.* 4798 of 1935 and *Miscellaneous No. 3* [*Cmd.* 5143] of 1936.

³ See the *Survey for 1934*, Part III C, section (i), pp. 454–5, 485.

ship. The French Government and the Government of the United Kingdom trust that the other Governments concerned may share these views.

In the course of these meetings the British and French Ministers have been impressed by the special dangers to peace created by modern developments in the air, the misuse of which might lead to sudden aerial aggression by one country upon another, and have given consideration to the possibility of provision being made against these dangers by a reciprocal regional agreement between certain Powers. It is suggested that the signatories would undertake immediately to give the assistance of their air forces to whichever of them might be the victim of unprovoked aerial aggression by one of the contracting parties. The British and French Ministers, on behalf of their respective Governments, found themselves in agreement that a mutual arrangement of this kind for Western Europe would go far to operate as a deterrent to aggression and to ensure immunity from sudden attacks from the air; and they resolved to invite Italy, Germany and Belgium to consider with them whether such a convention might not be promptly negotiated. They earnestly desire that all the countries concerned should appreciate that the object of this proposal is to reinforce peace—the sole aim pursued by the two Governments.

The Governments of France and of the United Kingdom declare themselves ready to resume their consultations without delay after having received the replies of the other interested Powers.

In respect of the ground which the conversations had been expected to cover, it will be seen that the British Government did not, after all, insist that the disarmament chapter of the Versailles Treaty should be waived unconditionally. The condition that, as part of the general settlement, Germany should adhere to the Danubian Pact and the Eastern Pact was duly laid down; and there were at least two points on which the United Kingdom actually went farther than had been foreseen. She now publicly accepted the Franco-Italian thesis¹ that a unilateral repudiation of disarmament obligations imposed by treaty was inadmissible; and she agreed to continue to be numbered among the Powers that were to consult together in the event of any threat to the independence and integrity of Austria.² These points, however, on which public attention had been focused on the eve of the conversations, were thrown into the shade by the interest and importance of the proposal for the conclusion of an air agreement between those five West European countries that were already parties to the treaty

¹ See p. 108, above.

² The willingness of the United Kingdom to go to this length in regard to Austria had been implicit in the declaration of the 17th February, 1934, and explicit in the repetition of the same declaration on the 27th September, 1934 (see the *Survey for 1934*, pp. 454-5, and p. 485), as was put on record in the *communiqué* of the 3rd February, 1935.

of mutual guarantee which was the chief of the five diplomatic instruments constituting the Locarno Pact.

This last proposal was the main subject of a broadcast talk which was delivered by Sir John Simon on the evening of the 3rd February, 1935, immediately after the *communiqué* above quoted had been recited by the British Broadcasting Corporation's announcer, and only two hours after it had been issued. Listeners to the Foreign Secretary's voice on this occasion were struck by a note of nervousness in its tone which seemed to indicate a fear that the proposal might have a bad reception among Sir John Simon's own countrymen; and the speaker made haste to point out that while the project, if ever realized, would not have the effect of imposing upon the United Kingdom any commitments to which she was not already committed under the Locarno Pact, it would differ from the Locarno Pact itself in making the United Kingdom a beneficiary from, as well as a guarantor of, the organization of collective security in Western Europe as far as concerned the particularly formidable danger of aerial attack.¹

In this address, Sir John Simon described the proposed Air Pact as being a 'novel' suggestion as well as an important one; and this description was undoubtedly correct in the sense that the proposal had not been canvassed in public on the eve of the London conversations. The British Secretary of State's words might also be interpreted as implying that, in the private counsels of the statesmen, too, the proposal had been suggested and adopted on the spur of the moment, by a sudden inspiration. There was, however, a sense in which the proposal was neither new nor unfamiliar to Sir John Simon's colleagues and countrymen; for the records of the debates in the Parliament at Westminster show that the menace of aerial

¹ Sir John Simon went on to draw a parallel, in this matter, between the positions of the United Kingdom and of Italy. It was contemplated that both countries should become beneficiaries as well as guarantors under the proposed new air convention. At the same time, Sir John Simon suggested that, for geographical reasons, the United Kingdom and Italy might not find it practicable to guarantee one another in the air; and he hinted that an Air Locarno might take the form of two separate conventions, with France and Germany participating in both, while Italy on the one hand, and the United Kingdom and Belgium on the other, might limit their respective participation to one of the two conventions only. The Italian Government proved to be in agreement with the British Government in the opinion that it was undesirable that Italy and the United Kingdom should give an air guarantee to one another; but, as regarded the form in which the proposed arrangement was to be embodied, Italy was reported to dislike the British suggestion for a pair of overlapping conventions, and to prefer a single agreement between the five Powers, supplemented by a protocol declaring Italy and the United Kingdom exempt from guaranteeing one another.

warfare had been exercising the minds of British statesmen in the United Kingdom since at least the 10th November, 1932, when Mr. Baldwin had made the first, and most penetrating, of his speeches on the subject in the House of Commons,¹ and it may be presumed that, in grappling with this menace, the Cabinet at Westminster had not overlooked the possibility of seeking collective security for the United Kingdom against aerial attack.

In the course of the year 1934, when the Government of the United Kingdom were beginning to feel their way towards a programme of rearmament, they gave rearmament in the air a priority even over rearmament at sea, which was the element towards which the people of the United Kingdom had been accustomed to feel and show the greatest sensitiveness. The question of aerial warfare and defence was debated in the House of Commons at Westminster in 1934 on the 8th March and on the 19th and the 30th July.² And it was in the last of these three debates that Mr. Baldwin made his celebrated statement that

since the day of the air, the old frontiers are gone. When you think of the defence of England, you no longer think of the chalk cliffs of Dover; you think of the Rhine; that is where our frontier lies.

Less stir was caused at the time by Mr. Baldwin's declaration, on the 8th March, 1934, that, in the event of the Disarmament Conference failing to produce a general Disarmament Convention, he

would not then for a moment, nor would the Government, relax their efforts to start at work the next morning to try to get an air convention alone among the countries of Western Europe—even if we could not get in some that are far away—for the saving of our own European civilization.

The link between this apparently casual suggestion of Mr. Baldwin's on the 8th March, 1934,³ and the apparently extempore adoption of the project by the French and British Ministers in London on the 1st–3rd February, 1935, is perhaps supplied by a report, which was telegraphed from Geneva by an American journalist to his newspaper on the 26th March, 1934,⁴ to the effect that 'a neutralization of the United Kingdom, France, Germany, Belgium and Holland in regard to air attacks' was then already being discreetly mooted by the British Government; that an integral part of the plan was that this

¹ See the *Survey for 1932*, pp. 189–92.

² See also pp. 32 and 44 *n.*, above.

³ A second incidental reference to the possibility of an Air Pact was made by Mr. Baldwin in a debate in the House of Commons on the 18th May, 1934. (See p. 32, above.)

⁴ See Mr. Clarence K. Streit's despatch in *The New York Times* of the 27th March, 1934.

neutralization should be guaranteed by sanctions ; that the plan was only a few days old at this date ; and that its author was Sir John Simon.

Now that this West European Air Locarno project had been brought into the realm of practical politics through being sponsored by the French and British Governments in unison and in public, it immediately excited in other European countries not only a lively interest but also an acute hope or fear, according to the country affected. Attention at once focused itself upon the passage in the *communiqué* of the 3rd February in which the French and British Governments announced their joint decision 'to invite Italy, Germany and Belgium to consider with them whether such a convention might not be promptly negotiated'. And it was asked, in some quarters anxiously and in others expectantly, whether this passage did not perhaps imply that the West European Air Locarno, in contrast to the rest of the arrangements dealt with in the *communiqué*, was to be negotiated separately and not as an indivisible part of a comprehensive European settlement. It was not clear, on the face of it, whether the concluding paragraph of the *communiqué* referred to all the proposals put forward, or to the Air Pact proposal alone.

The Air Pact proposal was officially and publicly welcomed by the Belgian Government as early as the 4th February;¹ and by the 5th February it was intimated in Rome that the Italian Government were also inclined to look upon it with favour.² In Great Britain it was received by the public with equanimity, and in France with satisfaction as an earnest of the British Government's and people's slowly but surely growing recognition of the necessity for the United Kingdom to play her part in a European system of collective security. At Moscow, on the other hand, there was immediate alarm lest the West European Powers might be playing with the idea of snatching a regional security for themselves, *vis-à-vis* Germany, at the price of tacitly, but perhaps none the less effectively, giving Germany a free hand to undermine and overthrow the security of her eastern neighbours. In the eyes of both the Soviet Government and the Little Entente Council, the significance of the agreement would be mainly revealed by the interpretations placed upon it by the French Government on the one hand and by the German Government on the other.

In the Chamber of Deputies in Paris, on the 5th February, Mon-

¹ This favourable Belgian response was confirmed in a Belgian note of the 11th February.

² This intimation was confirmed by an official *communiqué* which was issued in Rome on the 9th February, 1935. In this *communiqué* there was a reference to the special situation of Italy and the United Kingdom *vis-à-vis* one another.

sieur Flandin, in replying to a parliamentary question from Monsieur Léon Blum, appeared to give some justification to Monsieur Litvinov's fears; for, after he had assured his audience that there had been no suggestion in the London conversations of taking the disarmament question out of the hands of the League of Nations or of negotiating a Disarmament Convention in isolation from, or in advance of, the projected regional security pacts, the French Prime Minister went on to state that in London the French and British Ministers had been of opinion that

even before it would be possible to accomplish this great work [of a comprehensive and simultaneous settlement of the disarmament and security problems], there was one point—and this a point of special urgency because, if it were not disposed of, there might be an aggravation of the dangers arising from a situation which was always unsettled in spite of everything—one point, then, that might fitly be made the object of a special convention.

And this point was, of course, the proposed West European Air Pact. Neither Monsieur Flandin himself, nor any other French Minister of State, appears ever to have committed himself on any other occasion so definitely as this to the thesis that, in the London conversations, the French and British statesmen had contemplated concluding the West European Air Pact in advance of the other international arrangements set forth in the preceding paragraphs of the *communiqué*. If this was indeed the original intention, it was quickly abandoned by the French Government, at any rate. In all later French official pronouncements on the subject it appears to have been assumed that the Air Pact project was on the same footing as all the other proposals in being subject to the two provisos of simultaneity and inseparability. If that was not the French Government's original attitude, we may perhaps conjecture that they were led to adopt it, and to persevere in it thereafter, by the tenor of the German Government's reply to the invitation conveyed in the London *communiqué* of the 3rd February.

(b) THE GERMAN REPLY TO THE FRANCO-BRITISH *COMMUNIQUE* OF THE 3RD FEBRUARY, 1935, AND THE RUSSIAN REACTION

The contents of the London *communiqué* aroused in Germany an interest which was immediate, intense and undisguised. On the 6th February it was announced in Berlin that, 'in consequence of important political discussions', Herr Hitler had cancelled a number of engagements which he had made for the next ten days; and, at the end of this ten days' term, on the 14th February, a memorandum on

the subject¹ was communicated by the German Foreign Minister to the British Ambassador in Berlin. This reply was not only pacific in profession; it was also courteous, and even cordial, in tone. The only hint of asperity and note of sensitiveness appeared in the closing sentences of the first paragraph, which ran as follows:

The German Government will in particular examine with what means the danger of an armaments race, which has arisen by the failure of the highly armed Powers to carry out the disarmament provided for in the treaty, may in future be avoided. The German Government is convinced that only the spirit, as expressed in the British-French *communiqué*, of free negotiation between sovereign states can lead to lasting international settlements in the sphere of armaments.

This reaffirmation of two long since familiar points in the German case was neither unexpected nor disconcerting to the other parties concerned. What was perhaps more ominous was the precision with which the German Government laid their finger upon the weakness of the link, in the London *communiqué*, between the Air Pact proposal and the rest, and the zest with which they severed these rather tenuous threads. The reply drew a firm distinction between the two parts, and then rubbed this distinction in by adopting a pointedly different attitude in the two cases. In regard to all the proposals other than that for the West European Air Pact, Herr Hitler made almost a parade of his intention to procrastinate and to demur.

The German Government will submit to an exhaustive examination the entire complex, which has been laid before it, of the European questions raised in the first part of the London *communiqué*. This examination will be carried out as much in the spirit of a convinced desire for peace as with care for the security of the German Reich in its geographically particularly exposed position in the heart of Europe.

On the other hand, in taking up the Air Pact proposal Herr Hitler showed something like *empressement*.

The German Government welcomes the proposal to increase security from sudden attacks from the air by a convention, to be concluded at the earliest possible moment, which provides for the direct employment of the aerial forces of the signatories on behalf of the victim of an unprovoked air attack. It is in principle prepared to employ its aerial forces as a deterrent against disturbances of the peace. It is therefore disposed to find, as soon as possible, in free agreement with the Governments concerned, ways and means with which such a convention can be realized which provides the greatest possible security for all signatories.

The German Government is of the opinion that negotiations between a large number of parties for which sufficient preparation has not been made in practice naturally give rise to friction, which should be avoided

¹ English text in the Blue Book *Miscellaneous No. 3* [Cmd. 5143] of 1936, Document No. 6.

in the interests of the conclusion of such an aerial convention which is completely new in its effect. Before the German Government takes part in such negotiations, it considers it desirable to clarify, in separate conversations with the Governments concerned, a number of preliminary questions of principle. It would therefore welcome it if—after the Franco-British discussions, which have taken place—His Majesty's Government, as that partner in the London discussions which is at the same time a guarantor of Locarno, were, to begin with, ready to enter into a direct exchange of views with the German Government also on this subject.

The German Government is at one with the British and French Governments in the opinion that the conclusion of an air convention would be an important step towards the solidarity of the European states and may be calculated to lead the other European problems as well towards a solution satisfactory to all states.

Lord Lothian, after his visit to Germany and interview with Herr Hitler in January 1935, had warned the ex-victors that the Germans were no longer willing to accept proposals that were presented to them ready cooked—'on a plate'.¹ The London *communiqué* of the 3rd February, 1935, conciliatory though its form was manifestly intended to be, had not altogether avoided the commission of this offence; and a neat revenge was taken in the German reply of the 14th. A reader of this German state paper will be vividly reminded of the naughty dog who unerringly picks out of the plate the one gobbet of tasty meat and runs gleefully away with it—leaving untouched the dry bones and dull biscuit which his master has naïvely garnished with the juicy morsel, in the hope that good Dog Tray would swallow the whole mess at one greedy gulp.

This aspect of the German reply evoked immediate unfavourable comment in France; and the French displeasure at the slyness of the German differentiation between the two parts of the Anglo-French proposals was sharpened by an anxiety over the German invitation to British Ministers to pay an unaccompanied visit to Berlin. On the French side it was suggested that the first step ought rather to be a joint Franco-British counter-reply which would cover the whole ground of the London *communiqué* and would give no opening for a separate treatment of the Air Pact proposal.

These French reactions to the German reply were reproduced—but

¹ 'There is no road, I am convinced, by the method so often pursued and almost inevitable while Germany was erupting in the National-Socialist revolution—namely, that of getting the neighbours of Germany together, agreeing to something they can all accept and then presenting it to Germany on a plate, on the basis that if she refuses it proves her bad intentions and that if she signs she is once more back in a slightly relaxed strait-waistcoat of the Versailles Treaty.' (Quoted from an article by Lord Lothian in *The Times* of the 1st February, 1935.)

this with greater vehemence—in the text of the Russian reply, which was handed on the 20th February to the French and British Ambassadors in Moscow. The thesis of this Russian note was that while, in view of the virtual failure of the Disarmament Conference, ‘the only means of counteracting the approaching real danger of a fresh armed conflict of the nations’ was ‘a system of regional pacts’, such local arrangements would lose their virtue if they were negotiated piecemeal and not as parts of a single comprehensive plan.

In the establishing of a unified scheme embracing various parts of Europe the Soviet Government is inclined to see a recognition of mutual dependence in the preservation of peace in all these parts, a recognition ensuing from the impossibility, under present circumstances, of localizing a war started at any point in Europe.

It therefore considers that the objective of the London conversations is the organization of security in Europe; [that] this can only be reached by the realization of all the regional pacts and agreements mentioned in the London *communiqué*; and that the disregarding of this, or that, of these agreements, far from ‘strengthening prospects of peace’, could be rather considered as an open encouragement of a breach of peace in the region concerned.

The Soviet Government trusts that such is the conception of the official *communiqué* and that the regional agreements discussed among some states, prior to the London conference, not only will not be impaired, but will receive in the London agreement fresh support.

At the same time the Soviet Government sought to neutralize the German invitation for a British visit to Berlin—a German overture which caused as much alarm in Moscow as in Paris—by conveying to London (and this apparently even before the delivery of the Russian note) the intimation that a British visit would be welcome not only in Berlin but also in Moscow.

In the meanwhile the British Government had communicated with both the French and the Italian Government before replying to the German invitation;¹ and they appear to have assured the French Government that they shared the French view that the London proposals—Air Pact included—ought to be discussed as an integral and indivisible whole.

Through a British channel this agreed Anglo-French stipulation was then conveyed to Herr Hitler on the 21st February and accepted by him on the 22nd.² In the House of Commons at Westminster, on the 25th February, in answer to a parliamentary question, Sir

¹ Statement by Sir John Simon in the House of Commons at Westminster on the 21st March, 1935.

² Text of telegrams in the Blue Book *Miscellaneous No. 3* [*Cmd.* 5143] of 1936, Documents Nos. 7 and 8.

John Simon announced that, on receiving the German proposal for a direct Anglo-German exchange of views, His Majesty's Government had inquired 'whether they rightly understood that the object of this meeting would be to carry consultation a stage further on all matters referred to in the Anglo-French *communiqué*'.¹ The Foreign Secretary informed the House that he had now received a reply from the German Government 'concurring in this description of the scope of the proposed meeting² and inviting' him 'to go to Berlin for the purpose'.³ His Majesty's Government, Sir John Simon declared, were of opinion that this was a useful suggestion, and he hoped to visit Berlin very shortly. He added that the French and Italian Governments had approved the course of action proposed; and, in reply to a supplementary question, he further stated that the question of visits to Moscow and other European capitals in the same connexion was under consideration.

It appeared, in fact, that the Polish Government had followed suit

¹ The relevant passage in the text of the British Government's telegram of the 21st February runs as follows:

The object of such a meeting would be to carry consultation a stage further on all the matters referred to in the Anglo-French Declaration. It would not be the object of such a meeting to isolate one topic to the exclusion of others, but to have an exchange of views on the totality of matters there referred to. We gather from the German Government's reply that they too have in mind a preliminary discussion over a wide range, and we agree with them in thinking that the time has come when this would be useful. I should be glad to learn without delay whether they concur in the above description of the purpose and scope of the meeting.

² According to Sir E. Phipps's telegram of the 22nd February to Sir John Simon, Freiherr von Neurath 'remarked that chief reason for great stress laid in German reply on air convention was that that was quite a new proposal, whereas other matters mentioned in Anglo-French Declaration were already under discussion'.

³ The Anglo-German transaction through which this important point was established was afterwards described by Sir John Simon, in greater detail, in his speech in the House of Commons at Westminster on the 21st March, 1935:

We addressed ourselves again to the Germans in order that we might have it made entirely clear that the scope and purpose of the meeting which they proposed was not to be limited to some particular item raised in the London *communiqué*, but was to have the full width of subject-matter dealt with in that *communiqué*, and indeed was to have the fourfold basis, exchange of views on the subject of security, exchange of views on the subject of armaments, exchange of views on the subject of the return of Germany to the League of Nations, and exchange of views on the subject of the proposed Air Pact. It was only when we had the assurance that it was intended on the German side that the discussions should be as wide as that that we communicated with other Governments and reached conclusions. Let the House observe this, because this is the point, that not only were those four topics thus marked down, but it was the basis of our proposed meeting that they should be discussed with a view to ultimately reaching a solution by agreement.

to the German and Russian Governments by suggesting that Warsaw, as well as Berlin and Moscow, might be included in the British Ministers' Continental European itinerary.

As a preparation for his Transrhenane expedition, Sir John Simon visited Paris on the 28th February for a further talk with MM. Flandin and Laval—particularly, it would appear, with regard to the line which he was to take in Berlin over the delicate question of the Danubian and the Eastern Pact. Thereafter it was announced that the date for Sir John Simon's visit to Berlin had been fixed, by arrangement between the German and British Governments, for the 8th and 9th March. At this point, however, the international negotiations for a European settlement were suddenly and inauspiciously interrupted—and even for a moment placed in jeopardy—by a series of unilateral acts, on the part of the British, French and German Governments, which, so far from being subsidiary to the international organization of peace through security and disarmament, were all in the nature of competitive national military precautions against the possibility that war and not peace might be the destiny of Europe.

(c) THE BRITISH GOVERNMENT'S STATEMENT OF THE 4TH MARCH, 1935, RELATING TO DEFENCE; THE FRENCH GOVERNMENT'S DECISION, ANNOUNCED ON THE 5TH MARCH, 1935, TO LENGTHEN THE PERIOD OF MILITARY SERVICE; AND THE GERMAN LAW OF THE 16TH MARCH, 1935, RE-ESTABLISHING UNIVERSAL COMPULSORY MILITARY SERVICE.

On the 4th March, 1935, three days before Sir John Simon was due to leave London for Berlin, there was published by His Britannic Majesty's Stationery Office, over the initials of the Prime Minister of the United Kingdom, a parliamentary paper¹ entitled 'Statement relating to Defence issued in connexion with the House of Commons Debate' on the subject which was to be held on the 11th March, 1935.

This state paper developed a thesis to which 'the National Government' which was at this time in office in the United Kingdom had been recurring, at ever shorter intervals and with ever greater emphasis, since the 18th May, 1934, when this thesis had been first enunciated in the House of Commons. In the paper of the 4th March, 1935, 'the establishment of peace on a permanent footing' was declared once again to be 'the principal aim of British foreign policy'; and the Prime Minister recapitulated the steps through which the United Kingdom had taken part in international action to

¹ *Cmd.* 4827 of 1935.

this end; but he submitted that the necessity for the possession of national armed force had not been done away with by the post-war collective international arrangements for the preservation of national security.

Hitherto, in spite of many set-backs, public opinion in this country has tended to assume that nothing is required for the maintenance of peace except the existing international political machinery, and that the older methods of defence—navies, armies and air forces—on which we have hitherto depended for our security in the last resort, are no longer required. The force of world events, however, has shown that this assumption is premature, and that we have far to go before we can find complete security without having in the background the means of defending ourselves against attack. Nations differ in their temperaments, needs and state of civilization. Discontent may arise out of various causes, from the recollection of past misfortunes, from a desire to recover past losses or from pressure occasioned by the increase of population. All these are fruitful sources of friction or dispute, and events in various parts of the world have shown that nations are still prepared to use or threaten force under the impulse of what they conceive to be a national necessity; and it has been found that once action has been taken the existing international machinery for the maintenance of peace cannot be relied upon as a protection against an aggressor.

In later passages the possible aggressor who loomed largest in the mind of the writer of the paper was designated by name.

Last midsummer the position was as follows:

The Disarmament Conference had virtually come to a standstill. Further negotiations, it was clear, would be hampered by the fact that Germany was not only rearming openly on a large scale, despite the provisions of Part V of the Treaty of Versailles, but had also given notice of withdrawal from the League of Nations and the Disarmament Conference. Japan also had given notice of withdrawal from the League. All the large Powers except the United Kingdom were adding to their armed forces

On the 28th November, 1934, His Majesty's Government drew public attention to the rearmament on which Germany was engaged, and announced a speeding up of the increases in the Air Force already decided upon. The action of His Majesty's Government did not, of course, imply condonation of a breach of the Treaty of Versailles. It merely noted and made public, as a first step, what was known to be proceeding.

This rearmament, if continued at its present rate, unabated and uncontrolled, will aggravate the existing anxieties of the neighbours of Germany and may consequently produce a situation where peace will be in peril. His Majesty's Government have noted and welcomed the declarations of the leaders of Germany that they desire peace. They cannot, however, fail to recognize that not only the forces but the spirit in which the population, and especially the youth of the country, are being organized lend colour to, and substantiate, the general feeling of insecurity which has already been incontestably generated. Nor is the

increase of armaments confined to Germany. All over the world, in Russia, in Japan, in the United States of America and elsewhere, armaments are being added to. We could not afford to overlook all these increases, and so have had to begin to meet our deficiencies, but have been anxious not to make the provisions for necessary defence merge into a race in armaments strength.

The rest of the paper was occupied with a technical discussion of the measures of rearmament which the Government regarded as necessary in the immediate future on the sea and in the air.

In Germany the effect of the publication of this British parliamentary paper was immediate. On the morning of the 5th March, the German Minister for Foreign Affairs, Freiherr von Neurath, informed the British Ambassador in Berlin that Herr Hitler had caught a cold, and he requested that, on this account, the forthcoming visit from Sir John Simon and Mr. Eden should be postponed. In British official circles the line that was taken in public in regard to this diplomatic rebuff was that Herr Hitler's action—if really due to annoyance at the White Paper—was unreasonable, inasmuch as the paper contained nothing that had not been said before and nothing at which Germany could properly take offence.¹ In private there was a disposition to admit that the publication of such a document at such a moment had not been either opportune or deliberate. The truth seems to have been that the paper had been drafted some time back, before the British Ministers' visit to Berlin had been arranged, and that it had been released, as a matter of routine, at the date which had been determined in advance and which had been governed, not by any consideration of the state of international affairs, but by the technical domestic consideration of the dates of the presentation, in the House of Commons at Westminster, of the estimates for the fighting services. On this showing the British Government had been guilty not of malicious sabotage but of slovenly incompetence. Their right hand had genuinely not known what their left hand was doing. This excuse—or indictment—which was received with some

¹ An illuminating account of the reasons for which the Germans did in fact take offence is given in a letter of the 8th March, 1935, from Lord Lothian, which was published in *The Times* of the 11th. The principal reason is explained in the following passage:

The statement in the White Paper that German rearmament may 'produce a situation where peace will be in peril', and generally making Germany the scapegoat, touched Herr Hitler and Germany on their most sensitive complex. It is a reaffirmation of the attitude of the Versailles *Diktat*, which regards Germany (with her allies) as the sole author of the War, the sole cause of European unrest, and therefore not entitled either to equality or to the same kind of treatment as other European or Asiatic Powers—an attitude, too, which it is only possible to take to a disarmed Great Power.

incredulity at the time, was corroborated in retrospect by the still more sensational incident of the same character which occurred in the last month of the calendar year.¹

The ill wind which was now threatening to blight the tender shoot of Anglo-German reconciliation blew some good at least to the Russians and the Poles. On the 6th March the British Government appear to have inquired of the Russian and Polish Ambassadors in London whether British visits would still be welcome at Moscow and Warsaw respectively ; and both replies must have been in the affirmative, for on the 7th Sir John Simon announced in the House of Commons that Russian and Polish invitations had been received and accepted, and that it was intended that these visits should be paid by Mr. Eden, the Lord Privy Seal. Thereafter, on the 9th, Herr von Neurath expressed to the British Ambassador in Berlin the hope that Sir John Simon would be able to pay his postponed visit to Herr Hitler towards the end of the month.

The debate in the House of Commons at Westminster duly took place on the 11th March, and Mr. Baldwin obtained his expected large majority on a declaration of impenitence.

If the House [he said] expects me to-day to stand in a white sheet because of the White Paper, it will make a great mistake.

The orator could not then foresee the posture in which he would actually be standing, no later than the 19th December of the same year, in the same place!

This document . . . is one in which a democratic Government tells what it believes to be the truth to democracy . . . Carrying out what we have put in the White Paper, so far from being inimical to peace, will help us in the times that are coming to make peace more secure.

The outcome of this debate at Westminster was received with mild displeasure in Germany and with faint satisfaction in France. In the latter country, on the 15th March, a problem of national rearmament was likewise the subject of a debate in the Chamber ; but in France an identical problem presented itself in different terms. While the British Government were at present thinking of rearmament principally in terms of aeroplanes and warships, the French Government had to think, first and foremost, of 'man-power'.

The year 1935 was the first of the five 'lean years', 1935-1939, during which, if no special action were taken, the effectives serving with the colours in the French Army would be at little more than half their previous numerical strength, since they would consist of the 'classes creuses': the males who had been born in France

¹ See the *Survey for 1935*, vol. ii, section (ix).

during the war-years 1915-19, when the French birth-rate had stood (on an average for the whole war period) as low as 11·3, compared with 18·8 for the period 1911-14.¹ This period of temporary French weakness had long been foreseen and taken into account in the calculations of European statesmen—in France with dread, in certain other countries with expectancy. In other contexts² it has already been mentioned in this *Survey* that Signor Mussolini had more than once openly alluded—and this with boasts and threats—to this coming time of French weakness, long before Herr Hitler came into power and before the rearmament of Germany began. The arrival of the fateful year 1935 found the French anxiety unabated, but its direction changed. Instead of being divided between Germany and Italy, it was now directed towards Germany alone, while Signor Mussolini would no doubt have been glad now to see a larger French Army on the Rhine to cover his own rear in Europe while he was launching his distant military adventure in East Africa.

At the beginning of the year 1935 the strength and composition of the French Army were governed by the Army Act of 1928; and this Act, while it had increased the strength of the standing professional army and of certain other professional forces which were semi-military, had reduced the period of conscript service with the colours to a single year—from the eighteen months at which it had been fixed in 1923, and in contrast to the three-years' service which had been introduced in 1913 on the eve of the General War of 1914-18. The result, in the matter of effectives, of the law of 1928 had been to reduce the total peace strength of all military and semi-military forces, both in the European territories of the Republic and overseas, by nearly 140,000 men—from about 715,000 to about 578,000. But these 578,000 men under arms were neither all of them regular soldiers nor all of them stationed in—or available for service in—the metropolitan territory of France. The coming into force of the Act of 1928 in 1930 meant a reduction of the French armed forces

¹ The French birth-rate had, of course, been abnormally low before the War. The corresponding figures for the other principal West European countries were as follows:

	1911-14	1915-19
Germany	27·4	16·5
Italy	31·7	22·7
United Kingdom	24·3	20·8

(The figures are taken from R. R. Kuczynski: *The Balance of Births and Deaths*, published for the Brookings Institution by the Macmillan Company, New York, 1928.)

² See the present volume, section (v) of this part, and the passages in previous volumes there cited.

with the colours on European soil to a strength of about 354,000—even including the gendarmerie and other semi-military forces. This reduction had seemed reasonable at a time when Dr. Stresemann and Dr. Brüning were succeeding one another in office in Germany; when the World Disarmament Conference was still a hopeful prospect, and not yet a melancholy memory; when the World Economic Crisis had not yet descended upon Mankind in order to goad dictatorial Governments into desperate courses; and when the Japanese had not yet driven their coach-and-four—or, rather, their tank-and-bombing-plane—through the Covenant of the League of Nations. At that moment, five years back, when the international outlook had been so vastly brighter than it was in the early months of 1935, it had seemed in France as though ‘the lean years’ 1935–9 could be tidied over by temporary expedients—even if the twin causes of disarmament and security had not, by then, made such further progress that the necessity of measuring the armed strength of France against the armed strength of her Continental neighbours would have disappeared altogether. The international landscape wore a painfully different appearance when the first of the ‘lean years’ actually arrived; and in the circumstances it was perhaps inevitable that the question of maintaining the strength of French effectives by some modification of the existing arrangements should become a burning question of French politics.

The attack was opened by Marshal Pétain in an article published in the *Revue des Deux Mondes* of the 1st March, 1935, in which the writer lent the weight of his professional authority to the politically controversial thesis that nothing less than a lengthening of the period of service from one to two years would suffice for the purpose of keeping the Army up to strength, considering that, during the lean years, the annual contingent would stand at only about 120,000 instead of at about 240,000. On the 7th March there was a Cabinet meeting on the question; and it now became apparent that, while the Government had made up their mind to take steps of some kind, there would be a political conflict over the choice between alternative measures. The choice lay between the passage of a new law and an attempt to obtain the necessary results within the framework of the laws already in force. Article 40 of the law of 1928 empowered the Government to retain time-expired men with the colours, and there were other laws on the statute-book which provided for an increase in the number of effectives by means of voluntary enlistments and re-enlistments in the professional army. At a meeting, on the 9th March, of the parliamentary group of the Radical-

Socialist Party, Monsieur Sénac (who had served as one of the *rapporteurs* on the law of 1928) submitted that the passage of a new law was neither necessary nor desirable.

What we want to avoid [he said] is any change in the principle laid down in Article 2 of the law [of 1928]—the article which fixes at the term of one year the legal duration of service—and also any talk of a new military law. The law now in force is supple enough to be capable of adaptation to all circumstances.

Though no resolution on this matter was passed, it was evident that Monsieur Sénac had the sense of the meeting with him. The Radical-Socialists were prepared to support measures for keeping the Army up to strength; but they were also suspicious of the motives of the General Staff, and they were determined not to allow an emergency of four or five years' duration to be made an excuse for a permanent increase in the term of service with the colours. Some division, however, was produced in the Radical-Socialist ranks by the terms of a draft Bill, for the consideration of the Cabinet, of which the text was made public on the 11th March by the Ministry of War. For although this Bill was *ex hypothesi* in contradiction with the Radical-Socialists' demand that there should be no new legislation, it did make some concession to two of their desiderata by taking Article 40 of the law of 1928 for its basis and by limiting the operation of its provisions to the four years 1936 to 1939 inclusive.

In this draft, Article 1 authorized (without positively requiring) the Minister for War to reduce progressively the average age of enlistment from 21 to 20. Article 2 authorized him to retain with the colours for six additional months the contingent that would be enlisted in April 1935, and for twelve additional months the contingents that would be enlisted from October 1935 to 1939 inclusive; and also to increase the strength of the standing army. Article 3 dealt with the numbers, distribution and rank of officers.

On the 12th March this draft Bill was adopted by the Cabinet; but the opposition among the Radical-Socialists persisted; and, in face of it, Monsieur Flandin decided to change his tactics. He abandoned the idea of introducing fresh legislation; made up his mind to achieve the intentions of the jettisoned Bill by using, up to the hilt, the powers already conferred upon the Government by the law of 1928 and other existing laws; and announced his intention of presenting simultaneous statements of governmental policy in this matter to the Senate and the Chamber, and making the issue in the Chamber a question of confidence. This eleventh-hour decision evoked a cross-fire of contradictory criticism from the extreme left

and the extreme right, but elicited sufficient support from the left-centre as well as the right-centre to give the Government a virtual assurance that the voting in the Chamber would go in their favour. In his statement in the Chamber on the 15th, Monsieur Flandin informed the deputies that the average annual contingent of conscripts was going to fall, during the years 1936 to 1940 inclusive, from the normal figure of 230,000 to 118,000. He declared that his purpose was not to produce an increase, but merely to prevent a diminution, in the number of effectives by a temporary prolongation of the period of service. He maintained that, in face of the rearmament of Germany, France could not afford to allow her effectives to fall below the strength contemplated in the law of 1928. But he held open the door for a reduction of the proposed prolongations of the periods of service during 'the lean years' supposing that this concession should prove to be justified by 'a favourable evolution of the [international] negotiations relative to the organization of security and the limitation of armaments'. He then announced that the Government had decided to make use of their powers under Article 40 of the law of 1928 to impose those prolongations of periods of service which the jettisoned Bill had provided for in its second article, and that the promotion of the new legislation would be confined to the less urgent—and less contentious—business of progressively reducing the age of enlistment from 21 to 20. This statement was followed by a debate, after which the vote of confidence in the Government was carried in the Chamber by a majority of 144.

When it came to the point the Government actually used their powers under Article 40 of the Act of 1928 a year earlier than had been contemplated in the programme announced on the 16th March. On the 6th April, 1935, the Government decided to retain with the colours, until the 14th July at the latest, the contingent numbering about 60,000 men who had been enlisted in April 1934 and whose time was therefore due to expire now. In the course of the intervening three weeks the Government had come to the conclusion that they could not afford to let this contingent go until the contingent joining the colours in April 1935, which was already condemned to a six months' prolongation of its period of service, had received a minimum of training. On the 21st June this additional decision was likewise communicated to the Chamber.

This twelve months' advance in the execution of the French Government's programme for tiding over 'the lean years' can be explained by the development of events in Germany; for the storm-centre had now shifted to Germany from Great Britain and France.

Herr Hitler's retort to the French measures for maintaining the strength of French effectives had been as prompt as his retort to the publication of the British White Paper on the 4th of the same month; but this time his action was far more serious. Instead of contracting a sore throat, he announced the existence of a German Air Force and promulgated a German conscription law; and the promptness and the violence of his action gave the measure of his dictatorial power. In France Monsieur Flandin, with the Radical-Socialists to be humoured, had shrunk, at the last moment, from the mild step of seeking to substitute a new Conscription Bill for a Conscription Law that was already on the statute-book. In Germany Herr Hitler, with his National Socialists blindly following his lead, dared to re-establish a German Air Force and to reintroduce conscription, not only *ex nihilo*, but in utter defiance of the disarmament chapter of the Versailles Treaty.

The announcement that a German Air Force was already once more in existence actually anticipated the French Government's statement in Parliament by four days; for the announcement was made in Berlin as early as the 10th March¹ by General Göring to a representative of a London newspaper, *The Daily Mail*. General Göring declared that the German Government's objective,² in taking the step which was now a *fait accompli*, was not the creation of an offensive weapon which would be a threat to other countries, but rather the establishment of a German Air Force which would be strong enough to repel attacks on Germany at any moment, and thus strong enough to guarantee Germany's absolute security in the air. He claimed that the German Government's action which was now made public had been implicitly sanctioned in advance by the British and French Governments when, in the *communiqué* of the 3rd February, they had invited Germany to enter into negotiations with them for the conclusion of a West-European Air Pact to be based on the Locarno principle of mutual guarantee—since this invitation presupposed the existence of an Air Force in Germany as well as in the other countries whose adherence to the proposed pact was contemplated.

General Göring's announcement of the 10th March was followed

¹ An official notification to other Governments had already been made on the 9th, according to the French memorandum addressed to the League of Nations Secretariat on the 9th April.

² The story of the secret construction of the machines and aerodromes, and training of the pilots, since the coming into power of the National-Socialist Government, was made public by General Göring on the 2nd May, 1935, at a luncheon given by the Foreign Press Association in Berlin, at which the General was the guest of honour.

up by other steps. On the 13th, for example, it was stated semi-officially in Berlin that the German renunciation of bombing machines—which had been one of the points in the rejected German offer of the 16th April, 1934¹—now no longer held good, since other countries were still pressing forward with the development of their own bombing forces. On the 15th March it was announced that General Göring, in his capacity of head of the fighting Air Force (as distinct from his capacity as Air Minister in charge of civil aviation) would be subordinate to the Reichswehr Minister, General von Blomberg. On the 28th a military air display at Berlin was officially inspected by Herr Hitler. In May it was already being rumoured that, in the air, Germany was now aiming at a two-Power standard of strength; and this rumour was supported by the scale of the new Air Ministry building in the Wilhelmstrasse. The work was executed so rapidly that by the 12th October, 1935, General Göring was able to take over 1,000 out of the 3,000 rooms which this gigantic structure was planned to contain.

The announcement of the 10th March, 1935, caused annoyance in Paris and London, and alarm in Warsaw; but in general the effect abroad was not so great as might have been expected. This was partly because, notwithstanding the German efforts at secrecy, it had for some time been common knowledge that a German Air Force was in fact being built up (as the Anglo-French Air Pact proposal did, indeed, presuppose).² All the same, it is probable that the announcement of the re-establishment of a German Air Force would have produced a greater sensation if it had not been overtaken and eclipsed, only six days later, by the more portentous announcement of the law re-establishing conscription.

The German law of the 16th March, 1935, 'for the building up of the defence force' (*Gesetz für den Aufbau der Wehrmacht*) was as brief as it was sensational. It ran as follows:

The Government of the Reich has decreed the following law, which is promulgated herewith:

Par. 1. Service in the defence force (*Wehrmacht*) is performed on the basis of universal liability to defence duty (*Wehrpflicht*).

Par. 2. The German Army on a peace footing, inclusive of the militarily organized police taken over into the Army (*einschliesslich der überführten Truppenpolizeien*) is composed of twelve corps and thirty-six divisions.

Par. 3. The supplementary laws concerning the regulation of the universal liability to defence duty are to be submitted to the Ministry by the Reichswehr Minister.

¹ See p. 19, above.

² For the information which was in the possession of the British Government in November 1934 see p. 44, above, footnote 4.

The law has been signed by the Führer and by all members of the Cabinet.

The promulgation of this terse but pregnant piece of legislation was accompanied by the publication of an 'Appeal by the Government of the Reich to the German People' and by a declaration on the part of the National-Socialist Party, and in both these documents there was a greater expenditure of words and a stronger expression of emotion.

The German Government's appeal, like the British Government's White Paper, began with a tendentious recapitulation of recent history, in which a particular emphasis was laid upon the country's essay in unilateral disarmament and the failure of the other countries concerned to respond by any corresponding reduction of armaments on their part. The common tale was adjusted to the difference in the circumstances; for while the British Government's complaint was that there had been no foreign voluntary response to a British voluntary gesture, the German Government made the graver complaint that a German fulfilment of a treaty obligation had been answered by a unilateral evasion of the reciprocal treaty obligation on the part of the other signatories of the Peace Treaty of Versailles. Subject to this variation, the substance of the German and the English story was the same; and the conclusion to which this story led up was identical: the country could not be expected to practise unilateral disarmament in perpetuity; the failure of the other parties to play their part had released the loyal party from the temporary obligation which it had now discharged; and the country's right, and the Government's duty, was therefore to rearm forthwith. The French Government's decision temporarily to extend the period of conscript service to two years, which had been announced in Paris on the previous day, was taken, in the German Government's appeal, as the last straw that had broken the back of Germany's camel-like patience.

In these circumstances, the German Government feels it impossible to delay any longer either to take the measures that are necessary for the security of the Reich or to conceal these measures from the rest of the World.

After having reached this climax, the appeal closed on a reassuring and conciliatory note.

What the German Government desires—in its capacity as champion of the honour and interests of the German nation—is to ensure that the German Reich shall possess to the full that measure of organized physical force (*Machtmittel*) that is required in order not merely to main-

tain the Reich's integrity but also to win international respect and esteem for Germany as a co-guarantor of the general peace.

In this hour the German Government renews, in face of the German people and of the whole World, the affirmation of its firm resolve never to go beyond the championship of German honour and of the freedom of the Reich, and particularly reaffirms its determination not to seek, in the national rearmament of Germany, to fashion any offensive military instrument—only, and exclusively, an instrument of defence, which means an instrument for the maintenance of peace.

Therewith the Government of the German Reich expresses its confident hope that the German people, which is now recovering its honour, will be allowed, on a footing of independence and equality of status, to make its contribution to the pacification of the World in a free and open collaboration with the other nations and their Governments.

This note of appeasement, on which the German Government's appeal ended, was struck with still greater emphasis in a speech delivered next day (the 17th March) by the Reichswehr Minister, General von Blomberg.

We wish to confess our faith in the ideal of a strong, martial and proud Germany, which never again capitulates and will never more set her signature beneath treaties and agreements which prejudice her honour, security and vital rights. But we wish to see in the World War a catastrophe the repetition of which we must spare our own and coming generations.

Europe has become too small to be the battle-field of a second World War. Its treasures of culture are too valuable to be exposed again to the destructive effect of modern weapons. As all states possess these weapons a new war would be self-laceration.

We Germans want no revenge, for in the four years of the Great War we reaped glory enough for coming centuries. We believe in the possibility of establishing a new order in Europe and the World by peaceful means, if account is taken of the natural laws of life which govern all nations.

Nevertheless, the sugar coating in which the pill was wrapped availed as little to take the bitter taste out of the German conscription law as it had availed to take it out of the British White Paper on rearmament; and thus, within the span of a single calendar month, diplomatic history repeated itself. Twice over, the precious possible benefit of the coming personal meeting between British and German statesmen was prejudiced in advance by a unilateral act of sabotage a few days ahead of the respective dates on which the visit had been timed to take place. This sabotage was not made less effective by the specious plea that it had not been intentional. Nor did it make much difference that the bomb was exploded in different places on the two occasions: in London on the 4th March, and in Berlin on the 16th.

The German law of the 16th March was received in Great Britain with dismay, in the United States with concern, and in France with anger tempered by a savage satisfaction at seeing Germany present herself once again to a hitherto incredulous World in the exaggeratedly unprepossessing image in which an acid-tipped French etching-tool had consistently portrayed her.

The first step taken abroad was to make an estimate of the effectives which the future twelve corps and thirty-six divisions of the German Army would represent; and though any such uninformed estimate could manifestly be no more than vague and tentative, the general opinion of foreign experts seems to have been that Herr Hitler was aiming at a peace strength of something between 550,000 and 600,000 short-service men. This would be five or six times as many as the maximum figure of 100,000 long-service effectives that was permitted to Germany by the disarmament chapter of the Versailles Treaty (which had not yet been abrogated by mutual consent). And it would be twice, or nearly twice, as many as the 300,000 short-service troops for which Germany had been asking a year earlier.¹ If that earlier German demand had been conceded by France, this would have established an approximate equality between the peace strengths of the German Army and of that portion of the French Army that was stationed in—and available for service in—Europe in normal years. If Germany was now going to raise her peace strength, without asking leave, to double the figure which she had previously demanded and which France had refused to concede, and if this enormous expansion of Germany's armed forces was to be carried out, with all the weight of the German man-power and machine-power behind it, at the moment when France was entering upon her 'lean years', then the military hegemony in Europe seemed bound to pass from France to Germany at some date between 1935 and 1939.

In this situation Sir John Simon announced on the 18th March in the House of Commons at Westminster, in answer to a parliamentary question, that the Government of the United Kingdom had been in communication with the French and Italian Governments on the subject of the new German law, and that a British note on the subject was to be presented in Berlin that afternoon; and this note—which had been approved by the Cabinet, and despatched that morning, and was communicated to the House of Commons, after presentation at the Wilhelmstrasse, before the sitting of the 18th March closed—proved to convey a protest against the German law of the 16th

¹ See p. 6, above.

March, 1935, on the ground that it represented a departure from the conditions which had just been agreed upon, as a basis for the forthcoming Anglo-German conversations, in the Anglo-German correspondence that had passed between the 3rd and the 22nd February.

What was contemplated was 'a general settlement freely negotiated between Germany and the other Powers' and 'agreements regarding armaments, which in the case of Germany would replace the provisions of Part V of the Treaty of Versailles'. This has throughout been the purpose of His Majesty's Government's policy, and upon its achievement they have concentrated all their efforts at Geneva and elsewhere. But the attainment of a comprehensive agreement, which by common consent would take the place of treaty provisions, cannot be facilitated by putting forward, as a decision already arrived at, strengths for military effectives greatly exceeding any before suggested—strengths, moreover, which, if maintained unaltered, must make more difficult, if not impossible, the agreement of other Powers vitally concerned.

His Majesty's Government are most unwilling to abandon any opportunity which the arranged visit might afford of promoting general understanding, but in the new circumstances, before undertaking it, they feel bound to call the attention of the German Government to the above considerations, and they wish to be assured that the German Government still desire the visit to take place with the scope and for the purposes previously agreed, as set out in paragraph 4 above.

The answer to the question at the end of the passage just quoted, with which the British note of the 18th March closed, was given verbally in the affirmative by Herr von Neurath to Sir Eric Phipps at the interview, on that afternoon, at which the note was presented to the German Minister for Foreign Affairs by the British Ambassador. The intention of the British Ministers, for their part, to pay their Continental visits as arranged, in view of this German reply, was foreshadowed, on the evening of the 18th March, in a public speech by Mr. Eden, in which the Lord Privy Seal declared that, 'in the work that lies ahead of us in the capitals of Europe, our faith in the collective peace system must play a prominent part'; and on the 19th it was definitely made known that the arrangements were to stand. Out of deference to French susceptibilities, it was then agreed that Mr. Eden should cross the Channel in advance of Sir John Simon and should meet representatives of the French and Italian Governments in Paris on the 23rd March before travelling on to take part, with the Foreign Secretary, in the British visit to Berlin.

On the 20th March the French Cabinet approved the text of a note of protest to the German Government, decided to address a

protest to the League of Nations, and authorized Monsieur Laval to pay a visit to Moscow. The two French notes were presented in Berlin and at Geneva on the 21st, and an Italian note of protest was also presented in Berlin on the same date. The French and Italian notes to the German Government both conveyed a refusal to accept the unilateral repudiation of an international engagement, and the Italian note also referred in this connexion to the express application of this principle to the disarmament chapter of the Versailles Treaty in the Franco-Italian Pact of the 7th January, 1935.¹ The letter from the French Government to the Secretary-General of the League conveyed an appeal from France to the League Council under Paragraph 2 of Article 11 of the Covenant and a request for the convocation of an extraordinary meeting of the Council to consider the French appeal as an urgent matter of business.

On the 22nd March, on the eve of the departure of the British Ministers for the Continent, a cautious speech was delivered by Sir John Simon and a conciliatory speech by Monsieur Laval.

Whatever comes out of this Berlin visit [said the British Secretary of State] it is not going to be some sudden and surprising result. This is the beginning of a process, and how it proceeds very largely depends upon the intelligence and constancy with which Britain handles the matter.

Germany [said the French Minister], by her gesture, has only slowed down the hour of peace, from which we do not want to exclude any one. The policy which France pursues with her friends is not a policy of aggression. It is not directed against any country. The World knows that. I want to repeat it from the tribune of the French Chamber.

On the 22nd March the President of the League Council, Monsieur Aras (Turkey), decided that the extraordinary session of the Council, for which the French Government had asked, should be summoned for the first week in April. On the 23rd March Mr. Eden had his meeting with Monsieur Laval and Signor Suvich in Paris; and it was announced, in a *communiqué* published that evening, that it had been decided that the British, French and Italian Foreign Ministers should meet on the 11th April on Italian soil at Stresa. On the 24th it was announced at Geneva that the date of the extraordinary session of the League Council would be governed by the time-table of the Stresa Conference. On the evening of the 24th March Mr. Eden, travelling from Paris, and Sir John Simon, travelling from London, arrived in Berlin, after having joined one another at Amsterdam.

¹ See p. 108, above.

(d) THE VISITS OF BRITISH MINISTERS TO BERLIN, MOSCOW, WARSAW AND PRAGUE (25TH MARCH-4TH APRIL, 1935)

The Berlin conversations occupied two days—the 25th and 26th March, 1935—and the closing *communiqué* informed the World that

The conversations have been carried out in the frankest and friendliest spirit and have resulted in a complete clarification of the respective points of view. It was established that the aim of the policy of both Governments is to secure and strengthen the peace of Europe by promoting international co-operation. Both the British and the German Ministers are satisfied as to the usefulness of the direct conversations which have taken place.

This announcement—taken together with the rather excessive official alacrity which was shown on both sides in proclaiming that the purpose of the conversations had been to learn and not to agree, and that this purpose had been amply fulfilled—rapidly created an impression that the Anglo-German meeting had not been a success. This impression was confirmed on the 28th March when Sir John Simon, after his return to London, stated in the House of Commons at Westminster, in answer to a parliamentary question, that, while ‘all the topics mentioned in the London *communiqué* of the 3rd February’ had been ‘brought under discussion, considerable divergence of opinion between the two Governments was revealed by the conversations’. These rather meagre and disappointing *comptes rendus* generated rumours that Herr Hitler had presented a series of startlingly sweeping positive demands; and though these tales did not obtain corroboration, it was apparent that Herr Hitler had shown himself intransigent and that this intransigence was serious—even if it had taken the form of rejecting the other parties’ suggestions rather than the form of putting forward German demands. Some further light was thrown upon what had passed in Berlin on the 25th-26th March by a longer statement which was made by Sir John Simon in the House of Commons on the 9th April:

As regards the so-called Eastern Pact, which was first suggested by the late Monsieur Barthou last summer, and which was the subject of a debate in the House of Commons on the 13th July, Herr Hitler made it plain that Germany was not prepared to sign an Eastern Pact under which Germany would be bound to mutual assistance. In particular, Germany is not prepared to enter into a pact of mutual assistance between herself and Russia. On the other hand, Germany was stated to be in favour of a non-aggression pact between Powers interested in East European questions, together with provisions for consultation if aggression was threatened. Herr Hitler was not prepared in present conditions to contemplate the inclusion of Lithuania in any pact of non-aggression. The Germans also suggested that if, in spite of this pact of

non-aggression and consultation, hostilities should break out between any two contracting Powers, the other contracting Powers should engage not to support the aggressor in any way.¹ In another connexion, however, Herr Hitler dwelt on the difficulty of identifying the aggressor. Asked as to his view if some of the other parties to such a pact entered into an agreement of mutual assistance as among themselves, Herr Hitler stated that he considered this idea was dangerous and objectionable as, in his opinion, it would tend to create special interests in a group within the wider system. . . .

As regards the idea of a Central European Pact, which was more particularly a topic of the Franco-Italian meeting at Rome, we understood in Berlin that the German Government did not reject the idea of such an arrangement on grounds of principle, but did not see its necessity and saw great difficulty in defining 'non-interference' in relation to Austria. Herr Hitler intimated, however, that if the other Governments who should wish to conclude a Central European Pact could agree upon a text, the German Government would consider it. . . .

In regard to land armaments, Herr Hitler stated that Germany required 36 divisions, representing a maximum of 550,000 soldiers of all arms, including a division of the S.S. and militarized police troops. He asserted that there were no para-military formations in Germany. Germany, he said, claimed to possess all types of arms possessed by other countries and was not prepared to refrain from constructing certain types until other countries ceased to possess them. If other countries would abandon certain types, Germany, he said, would do the same.

As regards naval armaments, Germany claimed, with certain reserves, 35 per cent. of British tonnage, and, in the air, parity between Great Britain, France and Germany, provided that the development of the Soviet Air Force was not such that revision of these figures would become necessary. If any general agreement as to arms limitation could be reached, Germany would be prepared to accept and work a system of permanent and automatic supervision, on the understanding that such supervision applied to all Powers equally. Herr Hitler said that the German Government favoured the suggestion, contained in the London *communiqué*, of an air pact between the Locarno Powers.

On the subject of the League of Nations, Herr Hitler referred to the assertion he had made in May 1933, that Germany would not continue to participate in the League of Nations if she was to remain what he described as a country of inferior right, and alleged, by way of example, that she was in a position of inferiority if she had no colonies.

I have confined myself to an account of what was said by others, but it must not be supposed that British Ministers did not indicate strong disagreement on certain points, and indeed, at the end of the Berlin interviews, I expressed our disappointment at the difficulties disclosed in the way of agreement.

The upshot was that, in the sphere of armaments, Herr Hitler's figure for the peace-footing effectives of the German land forces was

¹ See p. 75, above, for the German note of the 26th March on the subject of a non-aggression pact.

what foreign experts had estimated it to be after the promulgation of the conscription law of the 16th March. The only bright spots in this field were the acceptance (subject to other Powers' acceptance) of a system of permanent and automatic supervision for armaments of all kinds, and the readiness to be content, in the air, with parity with the United Kingdom and France,¹ and, on sea, with 35 per cent. of the British Navy's strength (though this latter point contained little comfort for France). In the sphere of security it appeared that, with Lithuania, Herr Hitler was unwilling to conclude even a non-aggression pact (though Germany was already pledged to abstain from aggression against Lithuania in virtue of her adherence to the Briand-Kellogg Pact, as well as in virtue of her soon expiring membership of the League of Nations). With the Soviet Union Herr Hitler would accept a non-aggression pact²—though this without enthusiasm—but he was utterly unwilling to enter into any arrangements with the Soviet Union for mutual guarantee; and, while he disliked the proposed Danubian Pact (to which the Soviet Union would not be a party) rather less than the proposed Eastern Pact (in which she would be one of the principal members), the very principle of mutual assistance was fundamentally distasteful to him, and he was unwilling to hold out any substantial prospect of Germany's return to the League of Nations. This was a discouraging result of the Anglo-German conversations from the standpoint, not only of Great Britain, but of the great majority of the countries of Europe—few of which shared Herr Hitler's hostility towards the ideal of the collective organization of peace.

Meanwhile Mr. Eden, who had left Berlin in an eastward-bound train on the evening of the 26th, entered the Soviet Union on the evening of the 27th—accompanied by the Soviet Ambassador to the Court of St. James's, Monsieur Maisky—and arrived in Moscow on the 28th in time to have a conversation with Monsieur Litvinov that afternoon and to be the guest of honour at a reception in the evening.

¹ Herr Hitler appears to have informed his British visitors that Germany had actually attained air parity with the United Kingdom already. At the time he was thought to mean parity with British air strength in Great Britain; but it was afterwards believed that he had really meant parity with the whole strength of the British Royal Air Force throughout the World.

² In 1935 the Russo-German Neutrality Treaty of the 24th April, 1926, and the Conciliation Agreement of the 25th January, 1929, were still in force after having been prolonged by a protocol signed on the 24th June, 1931. The ratifications of the protocol had been exchanged on the 5th May, 1933, some months after Herr Hitler had come into power. By its terms the agreements were to remain in force until June 1933, after which they would be terminable at a year's notice.

The effusiveness of the cordiality with which the Lord Privy Seal of the United Kingdom was received from the moment when his train first set wheel on Soviet ground testified to the thoroughness of the revolution which had latterly taken place in the Soviet Union Communist attitude towards the Capitalist World, and to the extremity of the fear with which the Government and people of the Union now regarded the threat of aggression on the part of certain Capitalist Powers: in particular, Germany and Japan.¹

At the reception on the evening of the 28th March Monsieur Litvinov introduced the toast of His Britannic Majesty King George V with a quotation from Sir Austen Chamberlain to the effect that 'the most friendly relations between the U.S.S.R. and Great Britain' were 'essential for the preservation of peace', and then proceeded to take for his theme the necessity for a solidarity between all the peaceful-minded countries in providing for their collective self-defence.

The coming months, perhaps weeks, will show whether the statesmen of Europe—who cannot fail to see and understand the ominous consequences of any infringement of peace in any part of the World and to feel their enormous responsibility—will show themselves capable of organizing peace in the way urgently required by the international situation, and whether the plan for collective work outlined in London on the 3rd February will be carried on to its wise and logical consequence.

Mr. Eden made a cordial reply, in which, after taking care to explain that the purpose of his visit was exploratory and not executive, he endorsed Monsieur Litvinov's principal thesis by declaring that British foreign policy was based on the League of Nations; that the essence of the League was its universality; that the adherence of the Soviet Union was therefore a great gain to the League; and that the object of the League was peace, which was also the main objective of the United Kingdom as well as of the Soviet Union.

On the 29th Mr. Eden had a meeting with Monsieur Stalin, while his conversations with Monsieur Litvinov continued until the evening of the 31st, when, as Mr. Eden boarded the train for Warsaw, the Soviet Commissar for Foreign Affairs took leave of him with the parting words: 'I wish you all success, for your success will be our success now.'

The results of Mr. Eden's visit to Moscow were summed up as

¹ See the *Survey for 1933*, Part II, section (i) (d) (5), and the *Survey for 1934*, Part III B, section (i).

follows in the joint *communiqué*¹ that was issued in Moscow on the evening of the British visitor's departure:

Mr. Eden and MM. Stalin, Molotov and Litvinov were of the opinion that in the present international situation it was more than ever necessary to pursue the endeavour to promote the building up of a system of collective security in Europe as contemplated in the Anglo-French *communiqué* of the 3rd February and in conformity with the principles of the League of Nations.

It was emphasized in the conversations by MM. Stalin, Molotov and Litvinov that the organization of security in Eastern Europe and the proposed pact of mutual assistance do not aim at the isolation or encirclement of any state but at the creation of equal security for all participants, and that the participation, in the pact, of Germany and Poland would therefore be welcomed as affording the best solution of the problem.

The representatives of the two Governments were happy to note as the result of a full and frank exchange of views that there is at present no conflict of interest between the two Governments on any of the main issues of international policy, and that this fact provides a firm foundation for the development of fruitful collaboration between them in the cause of peace. They are confident that both countries, recognizing that the integrity and the prosperity of each is to the advantage of the other, will govern their mutual relations in that spirit of collaboration and loyalty to obligations assumed by them which is inherent in their common membership of the League of Nations.

In the light of these considerations, Mr. Eden and MM. Stalin, Molotov and Litvinov were confirmed in the opinion that the friendly co-operation of the two countries in the general work for the collective organization of peace and security is of primary importance for the furtherance of international efforts to this end.

The terms of this *communiqué* were recited and confirmed by Sir John Simon in the House of Commons at Westminster on the 9th April.

Perhaps the most important result of Mr. Eden's visit to Moscow was to diminish, if not completely to dissipate, those suspicions of British aims and intentions in regard to the Soviet Union which were the outgrowth of the unhappy relations between the two Powers over a period of more than seventeen years. At Warsaw, where Mr. Eden arrived on the evening of the 1st April and remained until the evening of the 3rd, the results of his visit were distinctly less positive, without being so disappointing as the results of the visit to Berlin. The principal subject of Mr. Eden's conversations with Colonel Beck and Marshal Pilsudski was the proposed Eastern Pact; and the virtual identity of the Polish with the German attitude in this matter was

¹ Certain passages from this *communiqué* have been quoted already in the account of the negotiations for an Eastern Pact, on p. 76, above.

conveyed to the House of Commons at Westminster by Sir John Simon on the 9th April in urbane language:

In Warsaw the Lord Privy Seal learned the view of the Polish Government on this question. Monsieur Beck, the Polish Foreign Minister, explained that Poland had by her existing agreements with the Soviet Union on the one hand and with Germany on the other established tranquil conditions upon her two frontiers, and the question Poland was bound to ask herself was whether any new proposals would improve or trouble the good atmosphere established by those two agreements.

The Poles also followed a German lead in displaying less hostility towards the Danubian Pact project:

In Warsaw Monsieur Beck told my right hon. friend that Poland was prepared to adopt a friendly attitude to a Central European Pact and considered that the proposed arrangement might lead to appeasement and to the growth of confidence in that region. Monsieur Beneš, in Prague, expressed the hope that further progress might be made on this subject at Stresa.

Mr. Eden's round of Continental visits had ended with a meeting with Dr. Beneš at Prague on the 4th April for the inside of the day. From the capital of the Czechoslovak Republic the Lord Privy Seal headed for England, and met in the air, between Prague and Cologne, with a rough passage which was only too faithful an augury of what was to be the character of the next chapter of international history.

The information which Mr. Eden and Sir John Simon, between them, had acquired as a result of these visits to Berlin, Moscow, Warsaw and Prague between the 25th March and the 4th April, 1935, might be classified under two heads: the relative degrees of the fear which the several Governments and peoples concerned were feeling at the time; and the relative degrees of the likelihood or improbability of the several points in the Anglo-French programme of the 3rd February being translated into accomplished facts.

In the hierarchy of fear the Russians were certainly at the top and the Germans at the bottom of the list in the spring of 1935.

The extent, duration and circumstances of a disarmed Germany's genuine concern lest she might find herself attacked by a ring of armed and aggressive neighbours without being in a position to defend herself would be an interesting though perhaps not an easy subject for historical investigation. The coming into force of the Peace Treaty of Versailles had found all Germany west of the Rhine, as well as the Transrhene bridge-heads, under the military occupation of the victorious Allied Powers; and the extension of this occupation to Ruhrort, Duisburg and Düsseldorf (by French, Belgian and British

troops) on the 8th March, 1921,¹ and to the remainder of the Ruhr-gebiet (by French and Belgian troops) in January 1923² had made the Germans bitterly aware of their continued inability to resist military encroachments which—at any rate in the second instance of the two—were regarded as unjust and illegal not only by the Germans themselves but by public opinion throughout the World. On their eastern borders, again, the Germans long professed (and this almost certainly in good faith) to be living in constant anxiety lest the detached enclave of German territory in East Prussia might one day be invaded and occupied by the Poles; and in the light of recent precedents they had only too much reason to expect that, if this act of aggression were once perpetrated, it would end—like the Polish seizure of Vilna³ and the Lithuanian seizure of Memel⁴—in the perpetuation of the unlawful *fait accompli* to the law-breaker's advantage.

This anxiety for the security of East Prussia had presumably been laid to rest by the conclusion of the German-Polish understanding of the 26th January, 1934,⁵ while, on the west, the corresponding anxieties over the Rhineland and the Ruhr had been progressively relieved by the successive evacuations of the Ruhr and the three zones of occupation in the Rhineland between the 18th August, 1925, and the 30th June, 1930.⁶ Possibly there were moments in the course of the Nazi Revolution of 1933 when Herr Hitler and his companions were seriously afraid of seeing their operations interrupted and their designs forestalled by a French reoccupation of some or all of the evacuated territories; and it is conceivable that the National Socialists may even have over-estimated the danger of French intervention to which they were exposing themselves; for they themselves might perhaps have been tempted to hit out in such circumstances if the rôles had been reversed and they had found themselves in the French Government's shoes. The sincerity and the thoroughness of the peace-mindedness which the French displayed in allowing the Nazi Revolution to take place under their noses, in a Germany which was then still defenceless against the military power of France, was, indeed, a revelation even to less pugnacious observers than Herren Hitler and Göring.

The unwillingness of the French to take up arms on this occasion was not surprising in itself, since it had been apparent for many years past that no French Government would find it easy to induce

¹ See the *Survey for 1920-3*, p. 103.

² See the *Survey for 1924*, pp. 268 *seqq.*

³ See the *Survey for 1920-3*, pp. 250-6.

⁴ See *op. cit.*, pp. 256-61.

⁵ See the *Survey for 1933*, p. 186; the present volume, p. 60, above.

⁶ See the *Survey for 1925*, vol. ii, Part II B, section (ii); the *Survey for 1927*, Part II A, section (d); the *Survey for 1929*, Part II, section (i).

the French people to take up arms for any purpose except the defence of French territory. It was, however, surprising to see this unwillingness of the French to fight accompanied by an equally strong unwillingness to make peace with their resurgent enemy while they were in the way with him. Throughout the fourteen years preceding Herr Hitler's advent to power in 1933 it had been the consistent foreign policy of France to sacrifice everything else for the sake of retaining the power—without the will—to make a preventive war upon Germany if and when the occasion should arise; and now, when the occasion had arisen—and this very largely as the result of French intransigence—France acted on her feelings, at the price of stultifying her policy, by refraining from playing the trump card which she had insisted, at such cost, upon keeping in her hand.¹ It was astonishing to see her persist, even after this, in rejecting the last fleeting opportunities of accommodation with a Germany who was now rapidly rearming without asking French leave. In her relations with Germany in 1935 France was still showing much of her old rigidity, and still setting store by a verbal reassertion of legal rights that had been decisively overridden *de facto*.

In dramatic contrast to this now trembling but still intransigent France, the British statesmen who visited Berlin on the 25th–26th March, 1935, found themselves face to face with a Germany who was now just as intransigent as France but was manifestly no longer afraid. At this time Herr Hitler gave the impression of a man looking forward with a grim defiance to a stormy future. On the other hand, the Russians appeared to be facing the future with still deeper misgivings than the French.

Ostensibly the security of the Soviet Union had been notably increased by her admission to membership of the League of Nations;² by her *rapprochement* with France, which was soon to culminate in the signature of a Franco-Soviet treaty of mutual guarantee;³ and by the growing participation of the United Kingdom in Continental

¹ An acute French observer who kindly read, and commented on, this chapter before publication, made the following note at this point:

‘The contradiction here indicated, between France’s refusal to make a preventive war and her refusal to treat with Germany, ought to appear more explicable in the eyes of England after the latter country’s experiences with Italy. France in confronting Germany, and England in confronting Italy, both alike sacrificed all idea of separate preventive action for the sake of the pursuit of collective security. They also accused one another mutually of having been responsible [respectively] for the failure of collective action [in this case and in that].’

² See the *Survey for 1934*, Part III B, section (i) (c).

³ See section (iv) of this part of the present volume.

European affairs as an upholder of the principle of collective security—a new development in British foreign policy of which the visit of Mr. Eden to Moscow was a visible symbol. Yet, in the minds of the statesmen at Moscow, the prospect of French and British support perhaps did not completely compensate for the accentuation of German and Polish hostility; for although the European Capitalist World was now, more flagrantly than ever, a house divided against itself, there was one point on which all the Capitalist Powers were like-minded, and that was in their dislike of the U.S.S.R. The Soviet Government's nightmare—a terror which had taken visible shape in the Four-Power Pact of 1933¹—was that the two 'sated' West European Capitalist Powers might elect, after all, to buy off the two 'hungry' Central European Capitalist Powers by giving them a free hand to assuage their hunger at the expense of other parties; for in that event the Soviet Union would be the largest and most attractive of the victims that would be thrown to the wolves.

These gloomy Russian forebodings can hardly have been dissipated by the light which the British visits threw upon the relative prospects of the several points of the London programme of the 3rd February, 1935. It was now clear that there was really no prospect at all of the proposed Eastern Pact being accepted by either Germany or Poland. And the ultimate miscarriage of the project for a Danubian Pact was almost equally certain; for though Herr Hitler refrained (perhaps out of a lingering regard for Signor Mussolini's susceptibilities) from rejecting this project in principle, he evidently intended to interpret the proviso for 'non-interference' in Austria in a sense which might defeat the intentions of the French and Italian Governments by the ironic manoeuvre of taking them literally at their word. Nor was there much prospect that Germany would either rejoin the League of Nations or renounce the superiority in land armaments over France which she was taking to herself by a high-handed German retort to an incorrigible French rigidity. On the other hand, there was a strong probability that France, Italy and Great Britain could obtain an Air Pact with Germany on a basis of parity of strength and reciprocity of guarantee, and that Great Britain could also obtain a naval limitation agreement with Germany on a ratio of 100 : 35. The relatively favourable outlook for these two West-European arrangements was, however, dependent, to all appearance, upon one ominous condition: that they should be negotiated independently of all the other arrangements which were contemplated in the Anglo-French *communiqué* of the 3rd February, 1935.

¹ See the *Survey for 1933*, Part II, section (ii), pp. 206-21.

(e) THE ITALO-FRANCO-BRITISH CONFERENCE AT STRESA, 11TH-14TH APRIL, 1935

By the time of Mr. Eden's return to England from the Continent the forthcoming Conference at Stresa was already imminent; and, as a preparation for the British participation in this next act of the international drama, the Cabinet at Downing Street met on the 8th April to hear and consider Mr. Eden's report. Unfortunately Mr. Eden was prevented from either presenting this report in person or taking his place in the British delegation to Stresa owing to a temporary indisposition resulting from his rough passage through the air at the end of a fortnight of continuous railway travel and political conversation.

On the 9th April, on the eve of the Stresa Conference, one of the principal parties concerned administered to the others a shock which threatened to be as inauspicious an overture to the three-Power conversations in Italy as the publication of the British parliamentary paper¹ and the German conscription law² had been to the Anglo-German conversations at Berlin—only this time the *enfant terrible* was neither Mr. MacDonald nor Herr Hitler but the usually cautious Monsieur Laval. It was now announced that the French and the Soviet Governments had agreed in principle to conclude a convention for mutual assistance, and that the instrument was to be signed in Moscow on the occasion of a visit which Monsieur Laval was to pay in the near future to the capital of the Soviet Union.³ This news was naturally disagreeable to Germany, who was conspicuous both by her prominence on the agenda of the Stresa Conference and by her absence from the list of members. It was also unwelcome to Signor Mussolini, who appears to have felt that Germany's annoyance might make it difficult for the Conference to achieve results which would necessarily be dependent upon a certain measure of German goodwill and collaboration. The head of the Italian state also, perhaps, felt that France might be inclined to set less store by the collaboration between herself and Italy on the lines of the pact of the 7th January now that she had acquired a second string for her bow in the shape of a mutual guarantee treaty with another Continental Great Power.

Signor Mussolini's own attitude towards the Stresa Conference was indicated in a short article—reported to be from the Capo del Governo's own hand—which appeared in the *Popolo d'Italia* on the morning of the 11th April: that is, on the actual day on which the Conference assembled.

¹ See pp. 132-5, above.

² See pp. 140-4, above.

³ See pp. 77-8, above.

Once again [the writer warned his countrymen] we must put Italians on their guard against a facile and inconclusive optimism. In opposition to the alarmists of various kinds, it may be well to reaffirm that the outcome of Stresa will not be either war or anything that will render war inevitable in the near future. But this does not mean that Stresa will ensure eternal peace. Peace depends above all upon somebody who is not present at Stresa. If it is not war and not peace either, it may be asked what the result of Stresa is going to be. It can be answered that the result will be a *communiqué* which will represent a least common denominator between three Powers and which therefore—short of surprises—can only be of a general or a consultative character—‘consultation’ being the last resource of indecision (*abulia*) in the face of reality.

It must also be borne in mind that some of the fundamental points on the Stresa agenda are closely concerned with the three absentees—that is to say, Germany, Russia and Poland. On the eastern chess-board the situation is in flux, and the problem of *liaison* between either Russia or Poland and the West is a problem that is fraught with difficulties—though there is just the possibility that it may be found desirable to summon one of the absentees to Stresa, or even all of them (a far-fetched hypothesis, this last!). . . .

There is no Italian ‘plan’ in existence, and above all not any miracle-working one. On the farther side of Stresa, the Italian plan that is of interest to Italians, and of which they ought to know, is the following: to maintain, until the horizon has thoroughly cleared, a force of 600,000 men perpetually under arms; to equip this force with all the most modern armaments; to accelerate the construction of our aerial and our maritime armada. We consider this ‘plan’ to be an indispensable contribution towards guaranteeing the peace of Europe, and above all towards ensuring ‘our’ peace.

These are the conclusions to which we have been led by the ‘explorations’ to which we have latterly been devoting ourselves.

When re-read in retrospect after the close of the year 1935, this article impressed the reader chiefly by its omissions. It made no mention of the writer’s ‘plan’ in East Africa, though by this date the Italian preparations for an attempt to realize Signor Mussolini’s African ambitions were already in full swing. It made no mention of the quarter of a million Italian soldiers, ‘equipped with all the most modern armaments,’ who were already being gradually assembled on the Abyssinian frontiers of Eritrea and Italian Somaliland; and it made no mention of the war which this huge Italian expeditionary force was to wage in less than six months’ time from the date of publication.

Under these auspices the Stresa Conference opened on the 11th April, 1935, with Signor Mussolini representing Italy, MM. Flandin and Laval representing France, and Mr. MacDonald and Sir John Simon representing the United Kingdom, and with an imposing phalanx of distinguished public servants assembled in support

of each team of statesmen. The meetings occupied three and a half days—from the morning of the 11th April to midday on the 14th.

The Stresa Conference had to deal not only with the programme set out in the Anglo-French *communiqué* of the 3rd February, 1935, but also with the action, if any, that was to be taken in regard to one subsequent event of first-rate importance: the promulgation of the German conscription law of the 16th March. For their guidance the British, French and Italian statesmen now had at their disposal the information which had been gathered by the two British Ministers in the course of their Central and East European visits.

On the afternoon of the first day the French delegation submitted the draft of a memorandum protesting against Germany's violation of the disarmament chapter of the Versailles Treaty, which the French Government were proposing to address to the Council of the League of Nations. The French statesmen did not find it difficult to persuade their British and Italian colleagues to promise their support for this French move at Geneva. They failed, however, to induce them to commit themselves in advance to a definite undertaking that any further breaches of treaty on Germany's part should be requited by the imposition of financial and economic sanctions. For the present Mr. MacDonald, Sir John Simon and Signor Mussolini were unwilling to bind themselves to do more, under this head, than to participate in a collective study of the sanctions that could and should be taken if breaches of treaty should unhappily continue to occur. All the statesmen concerned would perhaps have been equally startled and perturbed if they could have foreseen, at this date, how soon the British were destined to be engaged on a practical study of sanctions by the traditional British empirical method of trial and error, with Italy serving as the *corpus vile*.

On a different point Signor Mussolini's *ballon d'essai*, which had been flown in the *Popolo d'Italia* on the morning of the first day of the Conference, produced positive results before that day was out. For, although neither the Germans nor the other two nations whom he had named as important absentees were actually summoned to attend the Stresa Conference in the flesh, the German Government were consulted telegraphically by Sir John Simon on the 11th, and they were so prompt in their response that the British delegate was able to communicate the German answer to his colleagues on the 12th.

This telegraphic consultation of the Wilhelmstrasse arose out of Sir John Simon's report at Stresa, on the 11th, upon the results of his visit to Berlin; for his conversation with Herr Hitler had left him in doubt on the important question whether Herr Hitler's rather

reluctant consent, as a maximum concession, to enter into a non-aggression pact with Germany's eastern neighbours would still hold good if these neighbours were to enter, in addition, into pacts of mutual guarantee with one another or with other countries (as, for instance, into the proposed mutual guarantee pacts between the Soviet Union and France or the Soviet Union and Czechoslovakia). Herr Hitler's affirmative answer, which was as conciliatory as it was prompt, is recorded in this volume in another chapter.¹ In the present context, however, this episode cannot be passed over without drawing attention to the remarkable evidence of German goodwill which Herr von Neurath's reply to Sir John Simon's query provided. For this reply was a constructive contribution to the work of a Conference which was, after all, directed against Germany—however tactfully the British and Italian statesmen might blunt the anti-German edge which the French statesmen were doing their best to give to the proceedings.

The consultation between Sir John Simon and the German Government on the 11th–12th April was an event in the history of the Eastern Pact rather than in that of the Stresa Conference; and in the end the outcome of Stresa amounted—as Signor Mussolini himself had foretold—to nothing more substantial than the publication of a *communiqué* making public the texts of a joint resolution, an Anglo-Italian declaration, and a final declaration. This document, which was published on the 14th April, was to the following effect.

Joint Resolution

The representatives of the Governments of Italy, France and the United Kingdom have examined at Stresa the general European situation in the light of the results of the exchanges of views which have taken place in recent weeks, of the decision taken on the 16th March by the German Government, and of the information obtained by British Ministers during the visits recently paid by them to several European capitals. Having considered the bearing of this situation on the policy defined in the arrangements reached respectively in Rome and in London, they found themselves in complete agreement on the various matters discussed.

1. They agreed upon a common line of conduct to be pursued in the course of the discussion of the request presented to the Council of the League of Nations by the French Government.

2. The information which they have received has confirmed their view that the negotiations should be pursued for the development which is desired of security in Eastern Europe.

3. The representatives of the three Governments examined afresh the Austrian situation.

¹ See pp. 78–9, above.

They confirmed the Anglo-Franco-Italian declarations of the 17th February and the 27th September, 1934, in which the three Governments recognized that the necessity of maintaining the independence and integrity of Austria would continue to inspire their common policy.

Referring to the Franco-Italian protocol of the 7th January, 1935, and to the Anglo-French declarations of the 3rd February, 1935, in which the decision was reaffirmed to consult together as to the measures to be taken in the case of threats to the integrity and independence of Austria, they agreed to recommend that representatives of all the Governments enumerated in the protocol of Rome should meet at a very early date with a view to concluding the Central European agreement.

4. As regards the proposed Air Pact for Western Europe, the representatives of the three Governments confirmed the principles and procedure that should be followed as envisaged in the London *communiqué* of the 3rd February, and agreed to continue actively the study of the question with a view to the drafting of a pact between the five Powers mentioned in the London *communiqué* and of any bilateral agreements which might accompany it.

5. In approaching the problem of armaments the representatives of the three Powers recalled that the London *communiqué* envisaged an agreement to be freely negotiated with Germany to take the place of the relevant clauses of Part V of the Treaty of Versailles, and took into careful and anxious consideration the recent action of the German Government and the report furnished by Sir John Simon of his conversations with the German Chancellor on this subject.

It was regretfully recognized that the method of unilateral repudiation adopted by the German Government, at a moment when steps were being taken to promote a freely negotiated settlement of the question of armaments, had undermined public confidence in the security of a peaceful order. Moreover, the magnitude of the declared programme of German rearmament, already well in process of execution, had invalidated the quantitative assumptions upon which efforts for disarmament had hitherto been based and shaken the hopes by which those efforts were inspired.

The representatives of the three Powers, nevertheless, reaffirm their earnest desire to sustain peace by establishing a sense of security, and declare for themselves that they remain anxious to join in every practicable effort for promoting international agreement on the limitation of armaments.

6. The representatives of the three Governments took into consideration the desire expressed by the states, whose military status was respectively determined by the Treaties of Saint-Germain, Trianon and Neuilly, to obtain the revision of this status.

They decided that the other states concerned should be informed of this desire through the diplomatic channel.

They agreed to recommend the other states concerned to examine this question with a view to its settlement by mutual agreement within the framework of general and regional guarantees of security.

Anglo-Italian Declaration

The following joint Declaration was made by the representatives of Italy and the United Kingdom in reference to the Treaty of Locarno:

The representatives of Italy and of the United Kingdom, the Powers which participate in the Treaty of Locarno only in the capacity of guarantors, formally reaffirm all their obligations under that Treaty and declare their intention, should the need arise, faithfully to fulfil them.

Inasmuch as the two Powers have entered into these obligations in relation to all the other parties to the Treaty of Locarno, this joint declaration, which has been made at the Stresa Conference in which France is participating, will also be formally communicated to the Governments of Germany and Belgium.

Final Declaration

The three Powers, the object of whose policy is the collective maintenance of peace within the framework of the League of Nations, find themselves in complete agreement in opposing, by all practicable means, any unilateral repudiation of treaties which may endanger the peace of Europe, and will act in close and cordial collaboration for this purpose.

(f) THE EXTRAORDINARY SESSION OF THE COUNCIL OF THE LEAGUE OF NATIONS, 15TH-17TH APRIL, 1935

The Conference between representatives of Italy, France and Great Britain at Stresa was followed up immediately, as had been planned, by concerted action between the same three parties at Geneva. The Stresa Conference ended on the 14th April; the extraordinary session of the League Council opened the next day; and on the afternoon of the 15th the French memorandum of protest against German rearmament, which had been despatched to the Secretariat at Geneva on the 9th and communicated to the Conference at Stresa on the 11th, was published in the press.

The French memorandum¹ proved to have devoted almost as much attention to the antecedents of the actual crisis, during the preceding three years, as to the crisis itself, and almost as much energy to defending the past conduct of France as to attacking the past conduct of Germany. Some of the cardinal passages in this document were the following:

The facts referred to . . . are definite infringements of certain fundamental clauses of Part V of the Treaty of Versailles and of the agreements concluded subsequently for its application between the German Government and the Governments of the 'Principal Allied Powers' represented by the Conference of Ambassadors. . . .

¹ The text was printed as an annex to the minutes of the eighty-fifth (extraordinary) session of the Council (*League of Nations Official Journal*, May 1935, pp. 569-71).

Certainly many difficulties had arisen to jeopardize the success of the Geneva [Disarmament] Conference, but these difficulties did not release the German Government from its obligations. . . .

On the 3rd February last, on the initiative of the French and United Kingdom Governments, a programme was framed which was favourably received by all the Governments attached to the cause of peace.

That programme was accepted by the Government of the Reich itself; but it has been gravely compromised by its decision of the 16th March. It is useless for the German Government to invoke measures which other Governments had found themselves obliged to take in their respective countries, for those measures were justified by the increase in armaments of the Reich. It is useless for the German Government to invoke in particular the measures which, in order to cope with recruiting difficulties resulting from the War, the French Government has been forced to decide upon in regard to the duration of military service; those measures were acknowledged to be legitimate as much as five years ago by the Preparatory Commission for the Disarmament Conference.

Germany has sought to provide a unilateral solution for an international problem. For the method of negotiations she has substituted the method of the *fait accompli*. Her decisions, incompatible as they are with any system for the reduction of armaments, have raised the problem of general rearmament, in all its gravity, for Europe as a whole.

It is the Council's duty to pronounce upon the responsibility for the situation thus created, and upon the consequences it entails. It is likewise the Council's duty to state the conclusions that must be drawn, for the purposes of their treaty policy, by those Governments which still desire to maintain and consolidate European security.

There is a more important question that must be raised; for, in a Europe in which the method of unilaterally denouncing international engagements became general, there would soon be no room for any policy but one of force. No negotiation is possible if, while the conversations are proceeding, one of the parties can arbitrarily possess himself of what is the subject of those conversations; nor can any negotiation be of service if its results, whatever they may be, can be destroyed at the will of one of the contracting parties. That is equivalent to abolishing the whole idea of contract and obligation in international relations. . . .

The Council would not be carrying out its mission if it looked with indifference upon such a threat to international order. It is its duty to meet that threat by considering the most suitable measures for remedying the situation that has now been created and for preventing its recurrence.

The German retort to this memorandum was to describe it as an able statement by counsel for the defence of 'the real prisoner at the bar', under the guise of a prosecution of the real plaintiff. The British Government, for their part, were reported to have rather deprecated the French Government's eagerness for the imposition of sanctions against future treaty-breakers, on the ground that 'the whole question of economic reprisals' was 'far more complicated than

the French appeared to think', and that 'to rush into such measures and then perhaps to withdraw them because they were found to prove a boomerang would end by weakening the position of Powers applying such methods'.¹ These words, which were written unsuspectingly when the British and the French were on the eve of at least superficially exchanging their rôles under the test of the Italo-Ethiopian case,² read ironically in retrospect. And there was a still more biting irony in the character of the first business that was transacted at an extraordinary session of the League Council which had been called by 'three Powers, the object of whose policy' was declared to be 'the collective maintenance of peace within the framework of the League of Nations',³ and whose purpose was to impress upon the Council that it 'would not be carrying out its mission if it looked with indifference upon . . . a threat to international order'.⁴ At a private sitting on the afternoon of the 15th April the Council decided that the Italo-Abyssinian dispute—which had by now reached a stage at which Abyssinia was manifestly threatened with armed aggression on Italy's part—should not be dealt with at this present session, as the Abyssinian Government had requested, but should be allowed to stand over until the next ordinary session that was to be held in May.⁵ Having thus light-heartedly disposed of a threat of Italian aggression in Africa which was embarrassing because it was flagrant, the Council found itself at leisure to deal with the hypothetical threat of a further German breach of a European peace treaty—a problem which was perhaps less awkward to handle inasmuch as Germany was an absentee from Geneva, while on this question France, Italy and the United Kingdom were more or less in accord.

Even the indictment of Germany, however, proved embarrassing enough; for the French were unable to find a neutral member of the Council who would be willing to take upon himself the invidious task of acting as *rapporteur* for the Council on the French memorandum, or, in other words, taking the initiative in recommending the action for which the memorandum asked. As a *pis-aller*, the three Stresa Powers themselves presented a draft resolution in the following terms:

The Council considering,

(1) that the scrupulous respect of all treaty obligations is a fundamental principle of international life, and an essential condition of the maintenance of peace;

¹ *The Times*, 15th April, 1935.

² See the *Survey for 1935*, vol. ii, section (ii) (f).

³ Stresa Conference: Final Declaration, quoted on p. 161, above.

⁴ French memorandum of the 9th April, 1935.

⁵ See the *Survey for 1935*, vol. ii, section (iv) (e).

(2) that it is an essential principle of the law of nations that no Power can liberate itself from the engagements of a treaty, nor modify the stipulations thereof, unless with the consent of the other contracting parties;

(3) that the promulgation of the Military Law of the 16th March, 1935, by the German Government conflicts with the above principles;

(4) that by this unilateral action the German Government confers upon itself no right;

(5) that this unilateral action, by introducing a new disturbing element into the international situation, must necessarily appear to be a threat to European security;

Considering on the other hand

(6) that the British Government and the French Government, with the approval of the Italian Government, had communicated to the German Government as early as the 3rd February, 1935, a plan for a general settlement, to be freely negotiated, for the organization of security in Europe, and for a general limitation of armaments in a system of equality of rights, while ensuring the active co-operation of Germany in the League of Nations;

(7) and that the unilateral action of Germany above referred to was not only inconsistent with this plan but was taken at a time when negotiations were actually being pursued:

I

Declares that Germany has failed in the obligation which lies upon all the members of the international community to respect the undertaking which they have contracted, and admits no unilateral repudiation of international obligations;

II

Invites the Governments which took the initiative in the plan of the 3rd February, 1935, or which gave their approval to it, to continue the negotiations so initiated, and, in particular, to promote the conclusion within the framework of the League of Nations of the agreements which may appear necessary to attain the object defined in this plan, due account being taken of the obligations of the Covenant with a view to assuring the maintenance of peace;

III

Considering that the unilateral repudiation of international obligations may endanger the very existence of the League of Nations as an organization for maintaining peace and promoting security,

Decides

that such repudiation, without prejudice to the application of the measures already provided in international agreements, should in the event of its having relation to undertakings concerning the security of peoples and the maintenance of peace in Europe, call into play all appropriate measures on the part of members of the League, and within the framework of the Covenant; requests the committee composed of . . . to propose for this purpose measures to render the Covenant more effective in the organization of collective security, and to define in parti-

cular the economic and financial measures which might be applied should, in the future, a state, whether a member of the League of Nations or not, endanger peace by the unilateral repudiation of its international obligations.

At a public discussion of this draft in the Council on the 16th April Dr. Beneš, speaking for the Little Entente, ranged himself with Monsieur Laval—as well as with Sir John Simon and Baron Aloisi, who had verbally supported Monsieur Laval in carefully chosen terms—while Colonel Beck (Poland) showed aloofness, Señor de Madariaga (Spain) discomfort, and Dr. Munch (Denmark) alarm. When the debate was resumed on the 17th Monsieur Litvinov gave comfort to the three sponsors of the resolution by supporting it emphatically; but before the sitting was over he also gave them a bad quarter of an hour by pointing out that the terms of the resolution were confined to the case of unilateral repudiation of international obligations that were concerned with the security of peoples and the maintenance of peace *in Europe*; and the representative of the Soviet Union suggested that this might be taken to mean that treaty violations outside Europe were always justified and would pass unpunished. In the absence of some assurance that the committee which was contemplated in the resolution would also be empowered to propose measures for countries outside Europe, Monsieur Litvinov signified an intention of making a reservation on this point. Thereupon Sir John Simon insisted upon retaining the geographical limitation of the draft; and when Monsieur Litvinov expressed a hope that this would not rule out action, at a later date, for combating breaches of treaty in other continents, Sir John Simon, ‘with some heat’,¹ asked that the Council should address themselves ‘to a practical problem in a practical spirit, and not at this moment spread the aspirations and endeavour, which we all desire to put into a practical shape, so wide that the whole of our efforts may be lost in shallows and miseries’. Sir John Simon’s stand was supported by Monsieur Laval and Baron Aloisi, and Monsieur Litvinov’s objection was outwardly overborne. It can hardly, however, have been inwardly allayed; and it must assuredly have been shared by the representatives at Geneva of the Ethiopian Government, who had failed so ominously, at the opening of this very session only two days before, to bring the Council to the point of taking action, which was already overdue, in a non-European case of threatened breach of treaty and breach of peace which was both practical and urgent.

Meanwhile, on the 17th, after this geographical question had been

¹ *The Times*, 18th April, 1935.

temporarily shelved, the Council proceeded to vote on the Italo-Franco-British resolution and passed it, by thirteen votes out of a possible fifteen, with Germany unrepresented and the Danish delegate abstaining.

The Germans, who had been incensed at the terms of the draft, were infuriated at its adoption by the Council.¹ Their anger was increased by the language of Monsieur Litvinov's speech of the 17th and by Dr. Beneš's announcement on the 18th at Geneva, outside the walls of the Council Chamber, at a meeting of the Council of the Little Entente, that the forthcoming Franco-Russian treaty of mutual guarantee was to be supplemented by a Czecho-Russian treaty on corresponding lines.² On the 19th, again, it was reported that MM. Litvinov and Laval had taken the opportunity of the extraordinary Council meeting in order to carry their treaty negotiations to the point of agreeing upon a text.³ On the 19th Herr Hitler, who had been in consultation with his advisers at Munich, travelled by air to Berlin; and on the 20th the Governments of all states members of the Council, with the exception of Denmark,⁴ received from the German Government the following note of protest:

The German Government contests the right of the Governments which as members of the League Council took the decision of the 17th April to set themselves up as judges of Germany. It sees in the League Council decision an attempt at a new special treatment as regards Germany, and consequently rejects it most resolutely. It reserves the right shortly to make known its attitude regarding the different questions touched on in the decision.

This protest sounded a note of defiance, but it was accompanied by a note of anxiety which made itself heard in a semi-official statement of the 30th April deprecating both an 'armaments panic' directed against Germany and an anticipatory designation of Germany as the future aggressor through the forging of a ring of anti-German military alliances.

In the Parliament at Westminster the international situation in Europe on the morrow of the Stresa Conference and of the extraordinary session of the League Council was the subject of debates,

¹ 'Infuriated' rather than 'surprised'; for the German Government appear to have been disabused already by the Polish Government of any hopes which the Germans may have cherished at an earlier stage that the Polish delegate on the Council might show the boldness to oppose, single-handed, the motion of the three Stresa Powers.

² See p. 82, above.

³ This report proved to be premature (see p. 79, above).

⁴ The Danish Government appear to have been sent a copy of the note for information.

in the House of Lords on the 1st May and in the House of Commons on the 2nd.

In opening the latter debate the Prime Minister, Mr. MacDonald, took the opportunity to underline the significance of the Anglo-French declaration of the 3rd February, and its sequel up to date, as showing that the powers of Europe were 'moving from the Versailles régime and' were 'entering upon a European relationship based upon free negotiation of security and of arms strength'. In the course of the same speech, he announced, in regard to the proposed Danubian Pact, that the Italian Government were proposing to convoke a meeting of the Governments concerned, including Germany, in order to discuss a scheme, and that the British Government would be represented by an observer—but not by a delegation, because it was 'well understood' that they were not undertaking any new commitments in this quarter. He also informed the House that, during the British visit to Berlin, Sir John Simon had suggested that German representatives should come to London, as representatives of other countries had already come,¹ 'for a preliminary discussion with a view to a naval agreement in the future'. He added that this British invitation had been accepted on the German side, and that the Anglo-German naval talks were still expected to take place—notwithstanding the fact that, meanwhile, the German Government had repaid the British Government in kind, for their publication of the parliamentary paper of the 4th March on the eve of the Berlin conversations, by choosing this moment to announce a ship-building programme, 'especially including submarines, which' they 'could never have imagined would be of no concern to us'.² In winding up the debate Sir John Simon gave an interpretation of the relation between British obligations under the Locarno Pact and possible French action under the new Franco-Russian treaty of mutual guarantee³—and this interpretation was noticed, and contested, in Germany.

On the 7th May there was a further debate at Westminster, in the House of Lords, on a motion expressing regret at the terms of the League Council's resolution of the 17th April; and although this motion was eventually withdrawn, the debate gave an opportunity for expressions of understanding of the German side of the international case.

¹ The history of the preparatory conversations for the London Five-Power Naval Conference of 1935-6 will be dealt with in a subsequent volume.

² For the history of the Anglo-German naval talks and the resulting agreement, see the present chapter, pp. 178 *seqq.*, below.

³ See p. 88, above, footnote 2.

(g) THE ABORTIVE ENDEAVOURS TO PROMOTE THE CONCLUSION
OF THE PROPOSED DANUBIAN PACT

Two South-East European questions had been on the European international agenda in the final *communiqué* of the Stresa Conference: the proposal for a Danubian Pact, which had been included both in the Franco-Italian Pact of the 7th January¹ and in the Anglo-French *communiqué* of the 3rd February;² and the proposal that Austria, Hungary and Bulgaria should be given the same measure of indulgence, in the matter of release from the disarmament chapters of the St. Germain, Trianon and Neuilly Peace Treaties, as was to be given to Germany with regard to the disarmament chapter of the Peace Treaty of Versailles. These two projects, while distinct, were manifestly related to one another—and this, perhaps, in a way that would make each of them more difficult to achieve.

It had been one of the provisions of the Franco-Italian agreement of the 7th January that of South-East European problems should be taken up at yet another Conference, for which Rome itself was named as the meeting-place, and that Germany should be invited to be one of the participants. These points were recalled in a public statement in Rome on the 14th April, which was the closing day of the Stresa Conference; and on the 15th April the French and Italian Ministers in Belgrade were reported to have called upon the Yugoslav Foreign Minister, Monsieur Jevtić, and to have suggested, on instructions from their Governments, that it would be advisable for Yugoslavia to negotiate regional pacts which would make it safe for her to grant demands for an increase of armaments on the parts of Bulgaria, Hungary and Austria. Such representations from the French Government to one of their own South-East European allies were a delicate matter for France; and on that very evening, in Geneva, Monsieur Laval stated that

In deciding to bring to the knowledge of the other interested Governments the desire of the three states in question—Austria, Hungary, and Bulgaria—to obtain contractual modifications of their military status, the Governments represented at Stresa abstained from expressing any opinion regarding the substance of this desire. They expressly reserved this step for the Governments more directly concerned, with whom must lie the responsibility for coming freely and with full responsibility to the decision which a careful examination of these wishes might justify.

The only recommendation that the Powers represented at Stresa felt impelled to make in conformity with the general dispositions of the

¹ See p. 107, above.

² See p. 122, above.

Conference was a condemnation of unilateral denunciation of treaties; and the object of this recommendation was precisely to avoid any solution of the question at issue other than a contractual one.

It was only after this that the Council of the Little Entente, meeting likewise on the same evening at Geneva, issued a statement expressing the fullest agreement in principle with all the results of the Stresa Conference and at the same time welcoming Monsieur Laval's explanation with regard to the procedure that was to be adopted in the matter of the rearmament of the three 'ex-enemy' South-East European states. The fact that the Little Entente Council declared itself satisfied with what the French Prime Minister had now said may be presumed to have thwarted the Italian Government's South-East European policy in exact proportion to its effect in relaxing the strain in the relations between the Little Entente and France. After this there was nothing surprising in the announcement at Rome, on the 16th April, that the date for the Danubian Conference had been postponed from the 20th May to the 25th, or again in the announcement at Paris, on the 23rd April, that it had now been postponed until June. The truth was that the Little Entente states were as recalcitrant in this matter as Germany was unenthusiastic, and that Monsieur Laval's would-be reassuring statement of the 15th April had been no more than partially successful in producing its intended effect. While the Little Entente statesmen might feel a certain relief at the rapidity of their own success in bringing their French colleague to heel, this relief was more than outweighed by the lasting sense of anxiety which was left in their minds by the undeniable and irretrievable fact that, at Stresa, Monsieur Laval had been willing—above their heads and without taking them into his counsels—to fall in with Signor Mussolini's policy on a point in which the Little Entente states saw a vital danger to their own security. In fact the Rome Danubian Conference was dead; and the British Government's determination to be represented at it by an observer only, and not by a delegation,¹ was actually the last that was heard of it.

(h) HERR HITLER'S SPEECH OF THE 21ST MAY, 1935

The next act in the European international drama of the year 1935 consisted of two simultaneous actions on different parts of the stage: on the one hand the signature of the Franco-Russian Pact and on the other hand a fresh attempt at a *rapprochement* between the

¹ See p. 167, above.

United Kingdom and Germany. The signature of the Franco-Russian Pact of Mutual Assistance on the 2nd May and of the corresponding Czecho-Russian instrument on the 16th, as well as Monsieur Laval's journey to Moscow and to Cracow in the course of the same month, are dealt with in another chapter of the present volume,¹ and in this place attention may be concentrated upon the contemporary action of the British and German Governments. This action mainly took the form of speeches, of which the most important was that which was delivered on the 21st May by Herr Hitler. On the British side, two voices made themselves heard above the rest: Mr. Baldwin's, revealing a particular concern over the menace of air warfare and a correspondingly keen desire to arrive at an understanding with Germany, at least in this sphere; and Mr. Eden's, preaching the more positive and comprehensive policy of whole-hearted British participation in a collective system of security. Mr. Baldwin's utterances obtained a distinctly 'better press' in Germany than Mr. Eden's; and this differentiation in the German attitude was another piece of evidence for the underlying antipathy in the hearts of the rulers of 'the Third Reich'² towards—not, perhaps, the collective principle in itself—but towards the concrete proposals made, or actions taken, by other parties in the name of that principle and with a certain consequent implication that Germany would be displaying a sinister hostility towards the principle if she did not choose to make the precise response that was desired of her.

Mr. Eden's whole-hearted pronouncements in favour of the collective system in general, and the League of Nations in particular, were the more noteworthy inasmuch as they were addressed to Conservative party organizations whose members might perhaps be unaccustomed to hearing the League of Nations warmly commended as the indispensable foundation for British foreign policy, and the idea of isolation dismissed with hearty contempt as chimerical.

Speaking on the 16th May at a meeting of the East and West Fulham Conservative and Unionist Association, Mr. Eden put a fundamental question and gave a clear-cut answer:

What, in existing European conditions, should be our policy? Isolation for this country, if it ever had more than an ephemeral existence, died in the early years of this century and was buried when we signed the Covenant. If isolation was of no avail, neither was a system of

¹ Section (iv) of this part.

² On the German Government's attitude towards the collective principle, see an interesting contribution from the diplomatic correspondent of *The Manchester Guardian* which was published on the 25th May, 1935.

separate and selective alliances as a permanent solution of our difficulties. An equal adjustment of force, however well devised, might be a palliative, but it could not be a cure.

What then remained? One solution only: a collective peace system. The only practical form of such a system in existence to-day was the League of Nations. The experience of his recent journeys in Europe had emphatically confirmed his own belief in a collective system as the only solution for our ills. He believed that in time all the nations would come to believe in that solution also. They must not, however, delude themselves. They had not reached that position yet. Not only was membership of the League not complete—it was indeed far from complete—but there were varying degrees of faith among those who were members.

In these conditions it was of the first importance that our own country should be no laggard in faith and in action. They must not imagine that they could do this without fulfilling obligations. In Western Europe, where we were most intimately concerned, no system of collective security could be adequate to prevent war without our whole-hearted co-operation and without the provision of adequate forces by us. We were certainly among the richest and most powerful nations in Europe. Our part was an essential one.

There was much talk in these days of new commitments. A great part of the fears expressed on this account were superfluous. What was really important was not that this country should shoulder new commitments but that it should emphasize its determination to fulfil the obligations it had already undertaken. In the last resort the authority of a collective system must flow from the overwhelming potential force it was able to array against any would-be aggressor. Clearly the efficacy of such a deterrent must depend upon the known determination of the parties to fulfil their obligations.

The Lord Privy Seal returned to the charge on the 28th May, in addressing an annual conference of the Central Women's Advisory Committee of the National Union of Conservative and Unionist Associations:

The greatest Imperial statesman of this generation, Mr. Joseph Chamberlain, was the first man to realize that isolation was impracticable. The foreign policy of the National Government was unalterably based upon membership of the League of Nations. Indeed, the League was not merely an expression of an ideal; it was a practicable instrument for the settlement of differences between nations. It was a workmanlike piece of mechanism with a very important and practical purpose in international life. Sometimes he thought that, if the speeches in support of the League were a little less eloquent, the real services of the League, which were very often mundane services, would be better appreciated. The League was also a most practical form of collective security. Collective security assumed that its success depended upon each of its members playing an effective part in it.

Between the dates on which these two speeches were respectively

made in London by Mr. Eden, Herr Hitler delivered on the 21st May, in the Reichstag at Berlin, a speech in which he set out his foreign policy under thirteen heads.¹

Herr Hitler's first point was to reiterate his rejection of the League Council's resolution of the 17th April—on the now familiar ground, that the disarmament chapter of the Versailles Treaty had not been infringed unilaterally by Germany but had been voided by the failure of the other parties to perform their part in the contract. The new act of discrimination against Germany, to which the Geneva resolution amounted, made it impossible for Germany to return to the League of Nations until the necessary conditions had been created for a truly juridical equality of all the parties. His second point was that, with this justification, he had broken away from (*losgesagt von*) those articles of the Versailles Treaty which involved a moral and practical discrimination against Germany without a time-limit. But he gave an assurance that this break-away would be confined to treaty-terms which were of this character and which had already been notified. The German Government would therefore respect unconditionally the other articles relating to the relations between the nations as neighbours one of another (*das Zusammenleben der Nationen*), including the territorial provisions, and would follow no other road than that of peaceful understanding in bringing about those revisions which would be unavoidable in course of time.

Herr Hitler's third point was that—while not intending to sign any treaty which seemed to him incapable of fulfilment—he would scrupulously respect every treaty voluntarily concluded, including those so concluded before his own advent to power—and in particular the Locarno Pact (notwithstanding the onerousness for Germany of the demilitarization of the Rhineland).² His fourth point was that he was ready at any time to participate in a system of collective co-operation for the safeguarding of European peace, but that, for this, he regarded it as a necessary condition that an allowance should be made—by keeping the door open for treaty revision—for the operation of the law of perpetual evolution. His fifth point was that European co-operation could not take the form of a unilateral promulgation of conditions;³ that, where the adjustment of

¹ The text of the speech will be found in *Documents on International Affairs*, 1935, vol. i.

² The demilitarization provisions of the Versailles Treaty had, of course, been taken up into the Locarno Pact (see the *Survey for 1925*, vol. ii, Part I A, section (iii), and p. 440).

³ This was the point to which Lord Lothian had drawn attention in underlining the German objection to programmes which were concocted by other

interests was difficult, it was better to be content with a minimum than to cause the co-operation to break down by insisting upon an unrealizable maximum,¹ and that an attempt 'to arrive at an understanding, with a big aim in view', could 'only be achieved step by step'. His sixth point was a reaffirmation of his readiness to assume commitments binding him not only to non-aggression but also to non-assistance to other aggressors. His seventh point was that he was ready to supplement the Locarno Pact with an air agreement and to begin exploring the ground for this.

His eighth point was that Germany would in no circumstances depart from the extent of the construction of the new German defence forces (*Wehrmacht*) that had already been announced. He was, however, prepared at any time to limit her armaments to any extent which was equally adopted by the other states. And the definite limitations upon his intentions, of which he had already given notice, were a fair indication of the sincerity of his desire to avoid an unrestricted competition in armaments. His limitation of Germany's air armaments to parity with each of the other Western European Great Powers² rendered it possible at any time to fix a common upper limit, which would then become binding upon Germany so long as it was observed by the others. The limitation of the German Navy to 35 per cent. of the British would give it a tonnage 15 per cent. less than the aggregate tonnage of the French Navy; and, in contradiction to rumours of German intentions to screw up Germany's naval demands later on, Herr Hitler now declared that Germany had neither the intention nor the need nor the power to enter into any new naval armaments race. His ninth point was a suggestion for an agreement to renounce the bombing of civilians, and perhaps eventually all bombing of anybody. His tenth point was his readiness for a mutual renunciation of heavy weapons (e.g. heavy artillery and heavy tanks) which were particularly useful for aggression—and he pointed out that, if this renunciation were achieved, it might make the post-war French frontier-fortifications impregnable. His eleventh point was a readiness for an all-round qualitative limitation of armaments on land and on sea; and in this connexion he expressly declared his readiness for a limitation of the

people and were then served up to Germany, ready cooked, 'on a plate'. (See p. 129, above.)

¹ In this point Herr Hitler put in a nutshell the explanation of the failure of the post-war foreign policy of France.

² Herr Hitler was here consciously intending to renounce air parity with the Soviet Union, but it may also be assumed that he had no intention of claiming air parity with the United States.

tonnage of submarines, and even for the total abolition of the submarine weapon, if an international agreement on either of these possibilities could be arrived at.

His twelfth point was a protest against irresponsible (i.e., presumably, non-governmental) propaganda. His thirteenth and last point was a plea for a precise international definition of what constituted external 'interference' in a country's domestic affairs, with a view to arriving at an international agreement for effectively ruling external interference out.

This recital of thirteen points of foreign policy was the climax of a long speech which repeated, in its peroration, Herr Hitler's assurance to other nations that the rearmament of Germany was not designed to be a threat to international peace. This was evidently the principal message which Herr Hitler intended to convey on this occasion to a world which had been startled and upset by the sensational announcements of the 10th and the 16th March; but the earlier part of the speech ranged widely over other topics, some familiar and others unexpected or even surprising. The arraignment of the peace settlement of 1919-20 and the demand for equality of status were effective strokes which were neither difficult nor new. On the other hand, it was interesting to hear from Herr Hitler's lips a denunciation of the tendency to go to extremes in the direction of economic *autarkeia*; and it was also satisfactory to find him still faithful to the thesis that, in a Europe in which the nations had now set hard, no future war could bring to any single national state a territorial gain that would be more substantial than a paltry rectification of frontier.¹ One of the most telling, though not the most constructive, passages was an analysis of the alleged perversion of the 'collective' idea. According to Herr Hitler this concept, which had been put forward by President Wilson and accepted by Germany *bona fide* at the time of the peace settlement, had been misused as a cloak for establishing and perpetuating the invidious classification of the nations into victors and vanquished.

This manifestly important utterance of Herr Hitler's at Berlin on the 21st May naturally evoked interest and comment everywhere.

¹ In his broadcast speech of the 14th October, 1933, the day on which Germany announced her intention of withdrawing from the Disarmament Conference and the League of Nations, Herr Hitler had already declared his aversion from a policy of conquest in the following words:

'As a National Socialist, I, with all my followers, refuse, by reason of our national principles, to acquire by conquest the members of other nations, who will never love us, at the cost of the blood and lives of those who are dear to us.' (*Documents on International Affairs*, 1933, p. 291.)

It was received with some hostility in France, some favour in Italy, some expectation at Geneva, and some disappointment in Great Britain, where it was the subject of debates in both Houses of Parliament on the 22nd.

In the House of Lords the principal speech was delivered by the Secretary of State for Air, Lord Londonderry, and was devoted to the present and future expansion of the Royal Air Force of the United Kingdom—in terms which appeared to convey none of that anxiety, which Herr Hitler had professed, to avoid an armaments race. British rearmament in the air was likewise the main theme of the principal speech which was delivered on the same day in the House of Commons; but this identity of theme only accentuated the difference of spirit which divided the Secretary of State for Air from the Lord President of the Council. Mr. Baldwin's advocacy of British rearmament was reluctant and apologetic; and he made the most of any prospects that Herr Hitler's speech appeared to offer for an agreed limitation and reduction of armaments, especially in the air. The necessity for rearmament in the air, coupled with the necessity for collective security—at any rate to the extent of a West European Air Pact—was pleaded by the same statesman, on the 27th May, before the Conservative party organization which Mr. Eden was to address next day.¹

An examination of this interchange of speeches between the President of the Council of the United Kingdom and the Führer and Chancellor of the Third Reich reveals, in spite of the immense difference of temperament between the two statesmen, a curious similarity of policy. In both of them there was a will to keep the peace and a will to rearm, and in both of them there was a tragic difference in degree of effectiveness between these two perhaps incompatible purposes. In both the will to rearm—whether jubilant or rueful—was undoubtedly definite and forceful, whereas the will to keep the peace was vague, bewildered and diffident.

Meanwhile the British Government continued to make tentative moves towards an understanding with Germany.

On the 24th May, for example, the British Ambassador in Berlin made inquiries² of Freiherr von Neurath in regard to certain points in Herr Hitler's speech: What further conditions had to be fulfilled in order that 'a truly juridical equality of all the parties'

¹ See p. 171, above.

² Text of the telegram of the 23rd May, conveying to the British Ambassador the Secretary of State's instructions, in the Blue Book *Miscellaneous No. 3* [Cm'd. 5143] of 1936, Document No. 22.

might make possible the return of Germany to the League of Nations (as envisaged in Herr Hitler's first point)? Whether, by his reference, in his second point, to 'moral and practical discrimination', he was intending to keep open the questions of the demilitarized zone or mandates or international rivers or even Austria? Was he prepared to give effect to his offer to conclude non-aggression pacts by opening negotiations immediately with the various Governments concerned? Did the series of statements in Herr Hitler's eighth point mean, when taken together, that the number of effectives, as apart from the 'construction', of the German Army was still a matter for negotiation? A verbal reply¹ to these inquiries was received by Sir Eric Phipps on the 31st May from Herr von Bülow, acting on telephonic instructions from Herr von Neurath at Munich, where the Foreign Minister of the Reich had been in consultation with the Chancellor. The gist of this reply was that, in the Thirteen Points, 'everything which Germany' could 'say at the moment on these problems' was 'as clearly and distinctly laid down as it possibly' could 'be at the time'—particularly in view of the fact that 'none of the other Governments concerned in these problems of the moment' had 'as yet proclaimed their intentions as exhaustively'. Herr von Bülow did, however, clear up one or two of the British Government's doubts. For example, he declared, with regard to Herr Hitler's second point, that the undertaking unconditionally to respect the other articles of the Treaty of Versailles did cover all articles still in force, including the provisions regarding the demilitarized zone, while with regard to the eighth point he announced that the German suggestions were 'limited to possibilities of so-called qualitative limitation of armaments'.

Meanwhile, before the delivery of Herr Hitler's speech of the 21st May, preliminary bilateral exchanges of view regarding the project for a West European Air Pact had begun between the British and French and between the British and German Governments;² and before the end of May the question was discussed at Westminster in the House of Commons. On the 27th May, in answer to a parliamentary question, Sir John Simon stated that the British Government had

for some time past been in communication with the other Governments concerned respecting the possibility of negotiating, between the five Powers mentioned in the London *communiqué*, an air pact and an air limitation agreement.

¹ Text of a telegram, reporting this reply, from Sir E. Phipps to Sir J. Simon, in *Cmd.* 5143 of 1936, Document No. 25.

² See section (j), below.

The question of the West European Air Pact project was raised again in the same place at greater length on the 31st May in a debate which was asked for by the Liberals and opened by their leader, Sir Herbert Samuel. The essence of Sir Herbert Samuel's plea was that the negotiation of the Air Pact should be pushed forward rapidly without necessarily waiting for a simultaneous settlement of other pending questions. Paraphrasing the second part of the fifth point of Herr Hitler's speech of the 21st, the British statesman

trusted that the Government in these negotiations would not miss the opportunity by attempting too much. He hoped that they would concentrate on two or three particular points, leaving for later deliberation other questions which unquestionably were connected with this, but which were not inseparable from it. The naval issue, the question of armies, the whole question of regional pacts, and the matter of the return of Germany to the League of Nations were all most momentous questions. But we had had three years of discussion of these questions taken as a whole, and the result had been nil. In respect of air strength Herr Hitler had only asked for parity with a Western Power, and that was an offer which, it seemed to him (Sir H. Samuel), should be instantly accepted

The opportunity was there. It was opened by Herr Hitler's speech. He would not be fulfilling his duty if he did not dwell upon the fact that there was among a large section of public opinion in this country a grave anxiety lest this opportunity might be missed. Taking the present Ministry as a whole, while their attitude towards these international arrangements had been very correct, it had frequently been lacking in the zeal, the drive, and the energy which were needed to overcome the most formidable difficulties which faced any progress.

In reply Sir John Simon ably set forth the obstacles to progress; but this discourse only changed from negative to positive when it passed from the question of negotiating an international Air Pact to that of increasing the United Kingdom's national air armaments. The Foreign Secretary combated, as being neither 'a practical policy' nor 'a wise policy', a suggestion (made not by Sir Herbert Samuel but in the press) that the execution of the United Kingdom programme of increased air strength ought to be suspended 'because it would be better to negotiate and settle agreed limitation first'.

I do not [he added] for one moment believe that the programme which we have recommended to Parliament, and which is approved, for the expansion of our Air Force, is inimical to peace. I do not believe that it is the smallest injury to the negotiation of this Air Agreement. I am, on the contrary, quite convinced that it is the fact that we are known to be doing this which greatly adds to the prospect of getting such an agreement.

Sir John Simon's speech of the 31st May prepared the way for Mr. Eden's blunt announcement on the 10th July, in answer to a

parliamentary question, that negotiations between the five Locarno Powers regarding an Air Pact had not yet begun.¹

On the other hand, a bilateral Anglo-German naval agreement had already been concluded by this latter date.

(i) THE ANGLO-GERMAN EXCHANGE OF NOTES ON THE 18TH
JUNE, 1935, REGARDING THE LIMITATION OF NAVAL ARMAMENTS,
AND MR. EDEN'S JOURNEY TO PARIS AND ROME, 20TH-27TH
JUNE, 1935

WHILE the question of naval, as well as that of land and air, armaments was included in the programme set out in the Anglo-French *communiqué* of the 3rd February, 1935,² there was no suggestion, at the time, that a naval limitation agreement between Germany and the other parties to the Versailles Treaty might be negotiated apart from, or in advance of, the rest of the agenda, and *a fortiori* no suggestion that there should be a naval 'separate peace'—in this diplomatic warfare over the replacement of the disarmament chapter of the Treaty—between Germany and some single one of the former Allied Powers. It was only in regard to the proposed West European Air Pact that the idea of an independent anticipatory agreement, to be confined to a small number of parties, was ventilated; and, even in regard to this, the thesis quickly prevailed that the programme of the 3rd February constituted an indivisible whole which must be all negotiated as a single transaction.³ Thus the Anglo-German naval conversations which resulted in the bilateral agreement of the 18th June, 1935, regarding the limitation of German naval armaments, were far from being an inevitable, or even a natural, sequel to the Anglo-French programme of the 3rd February. And it was also impossible to account for the genesis of those conversations by seeing in them an integral and indispensable part of the preparations for the Naval Conference which was to be held at the close of the year. For while it is true that it was the British Government's policy to prepare the ground for this forthcoming Naval Conference by promoting a series of conversations *à deux* between the Governments that were to be represented, Germany did not happen to be one of the future Conference members. The coming London Naval Conference of 1935 was a sequel to the London Naval Conference of 1930⁴ and

¹ A number of preliminary bilateral exchanges of views had, however, already taken place by this time between Great Britain and France and between Great Britain and Germany. (See section (j) of this part of the present volume.)

² See pp. 122-3, above.

³ See p. 127, above, and p. 195, below.

⁴ See the *Survey for 1930*, Part I, section (ii).

to the Washington Conference of 1921-2;¹ and participation in it would therefore be confined *ex hypothesi* to the five Powers represented at those two previous Conferences—of whom Germany was not one. Moreover, the British Ministers paid their visit to Berlin on the 24th-27th March on the express understanding—acknowledged by the German Government in response to a specific inquiry from the British Government on the point²—that the Anglo-German conversations in Berlin were to cover the whole of the field of the Anglo-French programme of the 3rd February. And as late as the 22nd March a distinguished English newspaper had published a communication from its usually well-informed diplomatic correspondent³ in which it was prophesied that, if the Germans did try to lead Sir John Simon into separate naval negotiations, they would meet with a firm, though courteous, rebuff.

What, then, is the explanation of the undeniable facts that, in the course of his visit to Berlin, Sir John Simon did, after all, invite the German Government to send delegates to London for the purpose of holding Germano-British naval conversations there, and that these conversations did in the end result in an exchange of notes which was a bilateral treaty in all but outward form?

In the first place the British Government were presumably tempted by the intimation of Germany's readiness to be content with approximately 35 per cent. of British naval strength—whatever this might be at any given date. This German offer was already reported in the press in the communication of the 22nd March just mentioned, and it proved to be real, as Sir John Simon found when he met Herr Hitler. It was, in fact, one of the fundamental maxims of Herr Hitler's foreign policy to avoid the ex-Kaiser Wilhelm II's egregious blunder of making enemies on two fronts. His ambition apparently was to establish such friendly relations with both the two West-European Powers as might perhaps induce them to allow him a free hand in other quarters. Whether or not he succeeded with France, he was manifestly determined not to fail with England. And he evidently therefore intended to take care not to alarm and alienate England by challenging her, as the ex-Kaiser had challenged her, to a competition in naval armaments. The sincerity of Herr Hitler's will to be conciliatory on this important point must have particularly impressed Sir John Simon when it displayed itself at a personal meeting in which Herr Hitler's general tone was one of

¹ See the *Survey for 1920-3*, Part VI, section (iv).

² See p. 131, above.

³ See *The Manchester Guardian*, 22nd March, 1935.

intransigence.¹ It was a human weakness to try to snatch some fruitful result, on one point at least, out of a personal encounter which threatened, on the whole, to be so disappointingly barren. And the proposal for bilateral Anglo-German conversations would suggest itself on the analogy (albeit an imperfect analogy) of the bilateral naval conversations that had been held already between Great Britain and the other four Washington and London Naval Powers. This was perhaps the origin of an Anglo-German naval agreement which—however it is to be judged on its own merits²—cannot be viewed realistically apart from its effect on the general course of international affairs, and which, in this wider setting, can be seen to have produced the momentous result of evoking strong feelings in France of resentment and mistrust towards England at a moment when Anglo-French solidarity was about to be subjected to the severe test of a crisis arising out of Italy's breach of the Covenant of the League of Nations.

On the 26th April it was announced in London that German naval experts were expected to arrive in a week or ten days' time for the purpose of holding preliminary conversations on the subject of German naval strength; that these conversations were to be of the same informal character as the Anglo-American, Anglo-Japanese, Anglo-French and Anglo-Italian conversations that had already taken place; and that, while the Anglo-German conversations were not directly connected with the forthcoming London Naval Conference, it had always been the British Government's hope that a larger Naval Conference, at which other Naval Powers would also be represented, might be held later on. The British public had scarcely had time, however, to congratulate themselves on this sectional but important and apparently promising step towards an armaments agreement when the Germans sprang upon them one of those last-minute shocks which were a characteristic feature of the international history of the year. On the 28th April it became known that, on the 26th itself, the German Government had informed the British Government that, some days back, orders had been given for the assembling of twelve submarines of 250 tons each from parts

¹ See the passage cited from Sir John Simon's own account of the conversations on p. 148, above.

² The French critic who has been already quoted in footnote 1 on p. 145, above, notes at this point:

'It may be pertinent to remark that, from a technical point of view, a limitation agreement, even when strictly drawn, may hold in reserve great surprises for the contracting parties if it is not supplemented by a construction programme, or at any rate by a public notification, based on notice given in advance, of what construction is actually taking place.'
(On the question of previous notification, see also pp. 55-6, above.)

which had been manufactured during the preceding winter on the pattern of designs which had been drawn during the previous year. The anxiety aroused in Great Britain by this news was reflected in questions that were asked in the House of Commons at Westminster on the 29th April and the 1st May; but the only practical effect of the shock was to delay the opening of the conversations by about a month. Herr Hitler repeated publicly, in his speech of the 21st May, the offer to be content with approximately 35 per cent. of British naval strength which he had made to Sir John Simon in March; and the 2nd June saw the arrival in London of the expected German naval delegation, headed by Herr Hitler's personal Ambassador-at-Large, Herr von Ribbentrop.

The Anglo-German naval conversations that followed were carried through in two bouts: the first from the 4th to the 7th June inclusive, and the second from the 14th to the 22nd inclusive; but the last four days of this second bout were occupied only with technical discussions, since a pair of notes, embodying an agreement, was exchanged on the 18th.

As the British First Lord of the Admiralty, Sir Bolton Eyres-Monsell, informed the House of Commons at Westminster on the 21st June,

At the outset of these conversations the German representatives asked to be informed definitely whether His Majesty's Government in the United Kingdom were prepared to accept the proposal of the Chancellor of the Reich that the ratio between the British and German fleets should be established definitely and for all time in the proportion of 100 : 35. The German representatives made it clear that the course of the future discussions must inevitably be affected by the nature of the British reply. After a very careful analysis of the practical effects of the acceptance of this proposal His Majesty's Government decided that it should be accepted.

During the week's interval of the Whitsuntide recess, Herr von Ribbentrop not only returned with his colleagues to Germany but also paid two visits to Herr Hitler in his sub-Alpine retreat at Berchtesgaden; and Herr Hitler's will appears to have been exerted, with perceptible effect, in order to reduce—perhaps even beyond the limits of what was altogether agreeable to the German naval experts¹—such obstacles on the German side as still stood in the way of a completion of the agreement which had already been reached in principle.

In the meantime, the tenor of this Anglo-German naval agreement

¹ For this, see a communication from the diplomatic correspondent of *The Manchester Guardian* which was published on the 3rd July, 1935.

in principle had been communicated by the British Government to the French and Italian Governments in a memorandum which had reached the French Government's hands by the 12th June. On the 14th, the French Cabinet commissioned MM. Piétri and Laval to draft a reply; and this reply was duly delivered at the British Embassy in Paris on the evening of the 17th and at the Foreign Office in London on the morning of the 18th. The reply proved to be stiff, but this French stiffness had no practical effect on the destiny of the Anglo-German conversations, since an Anglo-German agreement was completed in London before the 18th June was over.

The terms of this agreement need not be set out in detail in this *Survey*, since the texts of the two notes in which it was embodied are printed in the accompanying volume of documents.¹ It will be sufficient to mention here that the purpose of these bilateral conversations and this bilateral agreement was once more declared to be the holding of a general conference, and the conclusion of a general agreement, on the subject of naval limitation between all the naval Powers of the World; that the German-British ratio of 35 : 100, now agreed upon, was not to 'be affected by the construction of other Powers' (though the German Government reserved the right to invite the Government of the United Kingdom to re-examine the position in the event of 'the general equilibrium of naval armaments, as normally maintained in the past,' being 'violently upset by any abnormal and exceptional construction by other Powers'); and that the German Government agreed to apply the 35 per cent. ratio by categories, 'and to make any variation of this ratio in a particular category or categories dependent on the arrangements to this end that' might 'be arrived at in a future general treaty on naval limitation'.

One British concession to Germany which took the British public by surprise was the proviso that 'in the matter of submarines . . . Germany, while not exceeding the ratio of 35 : 100 in respect of total tonnage', should 'have the right to possess a submarine tonnage equal to the total submarine tonnage possessed by the Members of the British Commonwealth of Nations'. The discomfort which this British concession produced in the lay mind in the United Kingdom was not altogether removed by a German counter-concession in the shape of an undertaking not to exceed 45 per cent. of the British Commonwealth submarine-tonnage total without giving the United Kingdom Government previous notice.

After the exchange of this pair of notes on the 18th June, the British

¹ *Documents on International Affairs, 1935*, vol. i.

and German delegations occupied the rest of their time, before Herr von Ribbentrop's departure from London on the 23rd, in a discussion of the respective naval building programmes through which the agreed ratio of 35 : 100 was to be put into effect.

In breaking the news of this agreement, the British Government emitted the tones of triumph and apology in the same breath; but the note of apology tended to drown the note of satisfaction as London came to realize the extent and the depth of the shock which the news had caused in Paris.

The first of the British Government's apologies, however, was addressed—in a broadcast talk delivered on the 19th June by the First Lord of the Admiralty himself—to the British public on the arrangement about submarines, and not to the French Government on the agreement as a whole.

As was stated in the German Chancellor's speech on the 21st May, Germany is in agreement with this country that the submarine should be abolished. It is well known, however, that some foreign countries are not in agreement with this proposal, and it is unlikely that it can be realized at present. Under these circumstances, if Germany is to have equality of status with all other Powers, she must clearly have the right to build submarines, and since in the existing naval treaties other countries have the right to parity with us in this category, Germany must have a similar right. Nevertheless, Germany has voluntarily limited the exercise of this right at present by undertaking not to exceed 45 per cent. of our submarine tonnage.

On the 25th June Sir Bolton Eyres-Monsell announced in the House of Commons at Westminster, in answer to a parliamentary question, that, in the course of the Anglo-German conversations, the German delegation had stated that Germany was prepared to adhere to the rules regarding submarine warfare which were set out in Part IV of the London Naval Treaty of 1930,¹ and to impose these rules upon herself even if they were not adhered to by all other Powers. (This part of the London Treaty had been signed by all five of the participants in the conference in which the treaty had been negotiated, but it had only become binding on three of them—the British Empire, the United States and Japan—in the absence of ratifications on the part of Italy and France.) This definite renunciation, by Germany, of 'unrestricted submarine warfare' removed one very formidable obstacle that had hitherto stood in the way of a reconciliation between Germany and Great Britain.

Moreover, it was made known by the First Lord of the Admiralty in the same place on the 3rd July that, during the conversations,

¹ See the *Survey for 1930*, pp. 63, 69.

the German delegation had reaffirmed the German offer to agree to the abolition of submarines—provided that other countries would do the same—which had been publicly made by Herr Hitler in his speech of the 21st May. On the other hand Sir Bolton Eyres-Monsell denied a report, which had been sponsored by Mr. Lloyd George in a public speech on the 2nd June, that the Germans had proposed to insert in the Anglo-German agreement a clause pledging German support for any future British attempt to secure the abolition of the submarine, but that the British Government had declined this German offer for fear of giving offence to the French.¹ The French and the Japanese were, of course, strongly opposed to the abolition of the submarine; and whatever may have passed between the Germans and the British in London in June 1935,² it is evident that they arrived at the conclusion that the abolition of the submarine was not yet practical politics.

These were the circumstances in which the Anglo-German arrangement about German submarine construction was arrived at.

As early as the 15th October, 1935, it became known that twenty-one German submarines had already been launched. This rate of construction was perhaps unexpectedly rapid, but the number of craft was no longer a surprise in view of the German naval building programme for 1935 which had been made public on the 8th July. This programme gave the following list of new vessels which were either already on the stocks or were to be laid down before the end of the year:

Two battleships, each of 26,000 tons, with 11-in. guns;

Two cruisers, each of 10,000 tons, with 7·8-in. guns;

Sixteen destroyers, each of 1,625 tons, with 5-in. guns (laid down in 1934 and 1935);

(a) Twenty submarines, each of 250 tons (the first went into service on the 29th June, and two others are afloat); (b) six submarines, each of 500 tons; (c) two submarines, each of 750 tons.

¹ See, in *The Times* of the 5th July, 1935, the statement issued by Sir Bolton Eyres-Monsell on the 4th and the counter-statement issued by Mr. Lloyd George on the same day. Before issuing his statement on the 4th, Sir Bolton Eyres-Monsell had obtained from the German delegation both a confirmation of his denial of the story and an authorization to make this confirmation public.

² In a debate of the 22nd July, 1935, in the House of Commons at Westminster on the naval estimates, Sir Bolton Eyres-Monsell quoted the following passage from the official record of the Anglo-German talks:

Germany supports the British Government's desire for the complete abolition of submarines and, if it could be achieved, would be prepared to scrap the submarines they might have built, or be building, at the time [of the forthcoming Naval Conference].

Though this programme was officially described as being in execution of the new Anglo-German agreement, the greater number of the ships in the list appear to have been either laid down or at any rate designed before the 18th June, 1935.

The British Government's public apology to France took the form of a statement which the First Lord of the Admiralty made in the House of Commons at Westminster on the 21st June. The British Government, he said,

regarded this offer as one of great importance, since it held out the possibility of averting for all time the threat of naval rivalry between Germany and this country—rivalry which, if it had commenced, would necessarily affect the interests of all the members of the British Commonwealth of Nations. They considered also that in its wider implications the agreement we have just reached must definitely be favourable to the naval interests of other Powers.

After many years of endeavour, this agreement furnishes a fixed point of departure for further discussions with other Powers, whose position should be eased by Germany's undertaking that, this ratio once established, she will adhere to it independently of the naval construction of other Powers. We regard this agreement, therefore—and we believe that the German Government regard it—essentially as a contribution to world peace and international appeasement.

It has been suggested that His Majesty's Government should have refrained from entering into this agreement. But we have to face facts. We have to deal with the essentially practical problem that Germany is already constructing a fleet which is outside the limits laid down in the Versailles Treaty; what we have done is, by agreement with Germany, to circumscribe the effects which might flow from this unilateral decision of Germany. We believe this to be in the ultimate interests of all the naval Powers of the world, and we are satisfied that a serious error would have been committed by this country had His Majesty's Government either refused to accept the offer or even hesitated unduly to do so. Needless to say, we have been careful to keep the other Governments signatories of existing naval treaties fully informed of the progress of these discussions.

A further criticism has been made that this country is not entitled to deal with the question of naval limitation independently of the questions of land and air disarmament. His Majesty's Government have never been able to accept this view of the situation, seeing that treaties for the limitation of naval armaments have already existed for many years and that it will be a grave misfortune if a further treaty cannot be negotiated to replace the existing ones.

Long before this statement was made at Westminster, however, it had become apparent that something more than this would have to be done in order to maintain—or restore—that degree of mutual confidence and cordiality which was normal in Franco-British relations and indispensable for their continuance on a basis of co-operation;

and as early as the evening of the 18th—that is, of the very day on which the Anglo-German exchange of notes had taken place—it had been announced officially in Whitehall that Mr. Eden was to go to Paris and enter into conversations with French Ministers on the 21st. The Lord Privy Seal of the United Kingdom duly arrived in the capital of the French Republic on the night of the 20th; and his conversations with Monsieur Laval were in progress at the time when Sir Bolton Eyres-Monsell was making his statement of the 21st June at Westminster. Meanwhile, on the 20th, it had been further announced in London that Mr. Eden was to travel on from Paris to Rome; and, in the event, he left Paris on the evening of the 22nd, after two days of conversation with Monsieur Laval; arrived in Rome on the evening of the 23rd; talked with Signor Mussolini on the 24th and 25th; arrived in Paris again on the morning of the 27th; had another meeting with Monsieur Laval; and flew back to London the same night. The encounters with French and Italian statesmen which punctuated this week of travelling must have been as disagreeable as the journey itself was strenuous.

The tenor of Mr. Eden's conversations with Monsieur Laval on the 21st June may be gauged from the terms of the *communiqué* which was issued, at its close, by Monsieur Laval himself:

We exchanged with entire frankness our views on the naval agreement recently concluded between Great Britain and Germany. Mr. Eden set forth the reasons which had led his Government to take this decision, and I, for my part, did not fail to renew the reservations made by my Government on the subject. My personal relations with Mr. Eden are sufficient guarantee of the friendly nature of these conversations.

We also examined as a whole the questions which concerned our two Governments [and] the present European situation, and recognized the necessity of a close collaboration between our two countries.

These French reservations to an Anglo-German *fait accompli* were manifestly the expression of a state of feeling rather than the announcement of an effective juridical act. On the other hand, the milder tone of the French Prime Minister's statement to the press after the conversations of the 22nd June made it apparent that the atmosphere had become more genial on this second day. The French Government appear to have feared that the Anglo-German naval agreement might portend a complete break-away on the British Government's part from the collective system; but, before leaving Paris for Rome, Mr. Eden seems to have persuaded Monsieur Laval that this fear—though perhaps neither unnatural nor even groundless—was at any rate excessive. Monsieur Laval seems to have allowed himself to be convinced that the Anglo-German agreement

was an 'incidental' and 'exceptional' transaction, and to have accepted an assurance from Mr. Eden that there was no intention in London of following up this bilateral Anglo-German naval agreement with a bilateral Anglo-German air agreement—not even if the project for a West European Air Pact including all the Locarno Powers were to come to nothing.

Mr. Eden's visit to Paris on the 21st–22nd June seems to have been followed up by the despatch of a reply from London to the French note of the 17th; but neither the written nor the spoken word availed altogether to allay the storm in France which the Anglo-German agreement had raised. On the 26th June the Naval Committee of the French Chamber, after listening to an exposition of the scope and effect of the Anglo-German agreement from the mouth of the Minister of Marine, Monsieur Piétri, passed a resolution in the following terms:

In view of the fact that the naval agreement concluded between Great Britain and Germany overthrows the naval arrangements of the Treaty of Versailles and that the Washington Agreement was only accepted by France by reason of the clauses of the treaty, the commission considers that the signature of the naval agreement between Great Britain and Germany has the necessary consequence of restoring to France complete liberty in naval matters till the conclusion of new general agreements.

In a speech delivered on the 27th June at Brest, Monsieur Piétri himself declared that

A serious event has just altered the equilibrium of the European naval forces. What has surprised us in the Anglo-German agreement is decidedly not the fact of fresh rearmament on Germany's part—a move which it was easy to foresee. What has surprised us is the precipitate adhesion of England to this German act—and this in conditions which might make us doubtful, not indeed of England's friendship, but of her traditional prudence. . . . If the act of the 18th June calls for reservations both on the point of law and on the point of principle; if it appears incompatible with a collaboration which had been regarded as essential; if it undermines that interdependence between the different arms which has always been taken by us as one of the axioms of peace in accordance with the spirit of Geneva, then it is for our diplomacy to take the question up; and you know that our diplomacy is in good hands. Monsieur Pierre Laval, who guides it as the interest and honour of France demand, has an instinctive knowledge of how to combine the necessary respect for treaty texts with a legitimate sense of realities.

In these words Monsieur Piétri undoubtedly expressed the prevalent feeling among his countrymen in regard to the Anglo-German naval agreement of the 18th June, 1935. The alarm and resentment which the agreement aroused in France were evidently far more serious than any expectations of the French reaction which the British

Government may have entertained; and the British Government failed to ride off on the thesis that French treaty rights remained unimpaired. On this point the following statement was made in the House of Commons at Westminster, in answer to parliamentary questions, by the Foreign Secretary, Sir Samuel Hoare, on the 1st July:

The juridical position of the Anglo-German naval agreement is that it is an agreement in force between the United Kingdom and Germany which in no way affects the rights, whether arising from Part V of the Treaty of Versailles or otherwise, of any country not a party to the agreement, and which in no way affects the rights of the United Kingdom arising under Part V in respect of any matter not directly covered by the agreement. The agreement will be registered with the League of Nations in due course.

In a speech delivered on the 30th June, Monsieur Laval informed his audience that

I said to England what I had to say, and even those who consider me too moderate would perhaps think that I had gone rather far if they knew the exact terms which I used.

The temper roused by the Anglo-German agreement of the 18th June, 1935, among Frenchmen in general and in the breast of Monsieur Laval in particular may have contributed—at least as one predisposing factor—to the determination of the French attitude and policy towards the United Kingdom in the Italo-Abyssinian conflict: a situation in which Monsieur Laval displayed, to invert and adapt the terms of Monsieur Piétri's eulogy, 'an instinctive knowledge of how to combine an imperious sense of realities with a show of respect for treaty texts'. At the moment when Italy came into collision with a League of Nations in whose counsels the United Kingdom now began to take the lead in pressing for the application of the Covenant, the British Navy evidently no longer ranked on a par with the Italian Army, in French minds, as a future help for France in time of trouble. And when the British Government called upon the French Government to enter the lists at their side in order to champion the cause of collective security to which the two Powers were equally pledged, one of the thoughts that arose in French minds was a sore memory of the recent Anglo-German transaction in which the United Kingdom—so it seemed to the French—had left France in the lurch by throwing over a chapter of vital importance in a peace treaty which both Powers alike had signed and ratified.¹ No doubt this French pique—

¹ The Covenant of the League of Nations constituted, of course, the first chapter of a peace treaty in which the provisions for the disarmament of Germany constituted the fifth.

sharp though it was—at the conclusion of the Anglo-German naval agreement was not the decisive factor in the determination of the subsequent French attitude towards the Italo-Abyssinian crisis. For, even if this cause for French irritation against Great Britain had not been present, it seems improbable that the French would have heartily supported the British in attempting to apply the Covenant of the League of Nations against Italy up to a point at which such French loyalty to the Covenant would have cost France her lately achieved *entente* with Italy against Germany. Yet, though the Anglo-German naval agreement was not the cause of the French lukewarmness towards the Covenant in this crisis, it was perhaps one of the excuses with which French *Realpolitik* drugged the French conscience.

The Italo-Abyssinian crisis did, indeed, follow hard upon the heels of the Anglo-French crisis of June 1935; for the question of Italy's aggressive designs against Abyssinia—a question which had been sedulously kept in the background, by a three-Power conspiracy of silence, long after the designs had become manifest, during the six months that had now elapsed since the date of the Walwal incident¹—became suddenly clamant when, on the 22nd June, Mr. Eden travelled on from Paris to Rome.

Signor Mussolini's reaction to the conclusion of the Anglo-German naval agreement of the 18th June was markedly different from the reaction in France. Almost the only point of similarity between his attitude and Monsieur Laval's was his resentment at what looked like a provocatively light-hearted English departure from a solemn undertaking, only recently negotiated under his own auspices, to maintain a common diplomatic front. For Signor Mussolini, the Anglo-German agreement was an offence against the Stresa Pact, as for Monsieur Laval it was an offence against the Anglo-French programme of the 3rd February, 1935. Here, however, the resemblance between the Italian and the French attitude ended; for while the French resentment was a deep emotion shot through with fear, Signor Mussolini's resentment seems to have been merely a slight annoyance which was perhaps more than counteracted by a pleasurable hope. This annoyance—combined with a feeling that Mr. Eden was too junior a statesman, both in years and in rank, to have been fittingly sent by the British Government to hold converse with the Duce—might account in part for the coldness and even brusqueness of Mr. Eden's reception at Signor Mussolini's hands; but it was probably the hope, far more than the annoyance, which the Anglo-German agreement had aroused in Signor Mussolini's mind that caused the head of the

¹ See the *Survey for 1935*, vol. ii, section (iv).

Italian state to show his hand so nakedly in rebutting, on this occasion, the overtures of the British Minister for the League of Nations. (At the encounter of the 24th-25th June, 1935, the Italian Goliath can hardly have foreseen the part which the English David was to play in that action on the part of the League which was to be taken in answer to Signor Mussolini's aggression before the end of the calendar year.)

The Anglo-German naval agreement may have fired Signor Mussolini with hope because he may have read in it a British avowal of the anxiety and embarrassment which were being caused to Great Britain, as well as to France, by the recrudescence of German naval power in the North Sea ; and this was a trouble which affected Italy's two partners in the Stresa Front without affecting Italy herself. Great Britain and France now seemed destined to pay for the privilege of being Oceanic as well as Mediterranean Naval Powers by being distracted between their naval commitments in two different arenas of naval competition and being compelled in consequence to disperse their forces ; and this prospect promised to bring some compensation at last to Italy for the grievance—of which she had become conscious under the Fascist régime—of being cooped up in an inland sea with the British Navy in command of both the two narrow waterways which were the sole means of maritime communication between these land-locked waters and the outer ocean. If Italy was doomed by geography to be a purely Mediterranean naval Power, she might at least look forward now to becoming the dominant naval Power in a sea in which the whole of her naval forces would continue to be concentrated while the naval forces of Great Britain and France would be drained out of the Mediterranean by a growing German menace in the Atlantic and perhaps by a growing Japanese menace in the Pacific as well. In such circumstances Italy might even dream of one day gaining command not only of the Mediterranean itself but also of its exits through the Suez Canal and through the Straits of Gibraltar. And, in the meantime, she could surely at once take advantage of 'the alteration in the equilibrium of the European naval forces' (to use Monsieur Piétri's phrase)¹ which was already beginning to declare itself in consequence of Germany's rearmament.

The advantage which Italy could seize forthwith was to press forward with a—no doubt already settled—policy of aggressive imperialist expansion in East Africa which presupposed an ability on Italy's part to keep open the lines of maritime communication between the coasts of the Italian Peninsula in the Mediterranean and

¹ See p. 187, above.

the coasts of the Italian colonies on the Red Sea and on the Indian Ocean. These sea-ways were at present commanded by the British Navy, and Signor Mussolini's African ambitions were already known to be extremely unpalatable to the British Government and to British public opinion. Physically, Great Britain had it in her power to translate this disapproval into interference by cutting this indispensable line of Italian communications. Psychologically, the British would certainly be most reluctant to take action which might involve them in war with another Great Power, and Signor Mussolini may have calculated that the German pull upon the British naval forces—a pull which was tending to draw them out of the Mediterranean into the North Sea—would heighten this British reluctance to cross Italy's war-path to a degree at which the British opposition to Italy's African policy could be safely disregarded.

These considerations may serve to explain the undoubted fact that in Mr. Eden's conversations of the 24th–25th June with Signor Mussolini, in contrast with his conversations of the 21st–22nd with Monsieur Laval, the question of the *fait accompli* of the Anglo-German naval pact was eclipsed by that of Italian designs against Abyssinia. What passed between the Italian and the British statesmen on this latter issue is dealt with in this *Survey* in another place.¹ In the present context it is enough to say that the stiffness of the conversations at Rome was reflected in the colourlessness of the *communiqués*, and that the *communiqué* which was issued on the 25th admitted, in its last sentence, that, in the course of that day's conversation, the Ethiopian question had 'also been examined'.

There was equally little to be gleaned from Monsieur Laval's *communiqué* concerning his subsequent meeting with Mr. Eden on the 27th, when the British statesman was passing through Paris on his way home from Rome to London. The lines of the Anglo-Italian discussion on the East African question were made known by Mr. Eden himself in a statement which he made on the 1st July, in the House of Commons at Westminster, in answer to a parliamentary question. In the same statement Mr. Eden gave an account of the outcome of his conversations with Monsieur Laval and Signor Mussolini on European affairs; and further light was thrown on these in the speeches with which Mr. Eden closed, and Sir Samuel Hoare opened, a debate on foreign affairs in the House of Commons on the 11th July.

On the 1st July, Mr. Eden reported that,

As regards the Anglo-German naval agreement, I gave the French Prime Minister an account of the contents of the agreement itself, and

¹ In vol. ii, in section (iv) (d).

described to him the circumstances in which it was negotiated and the reasons which had led His Majesty's Government to conclude it. Monsieur Laval explained with equal frankness the view which the French Government took of this agreement. He also explained his view of its bearing upon the various European problems in the solution of which the two Governments are engaged.

It was recognized in the course of this conversation that, for the settlement of these questions, such, for example, as the Air Pact and air limitation, the Eastern Pact, the Central European Pact, and agreement on land armaments, close collaboration between France and Great Britain was necessary. These are, however, questions which do not interest France and Great Britain alone. We are therefore at present seeking, in conjunction with the French Government, the form of collaboration best designed to secure the fulfilment as quickly and completely as possible by all countries of the programme of the London *communiqué* of the 3rd February.

At the close of the discussions upon these three subjects which I held subsequently with Signor Mussolini in Rome, we were happy to be able to record agreement as to the possibility of continuing to work for European appeasement in accordance with the guiding principles laid down in the London *communiqué* of the 3rd February and the Stresa resolution. There is now, therefore, reason to hope that the best line of negotiation may shortly be found.

On the 11th July Sir Samuel Hoare went over most of the ground that had been covered by European diplomacy since the meeting of French and British statesmen in London at the beginning of the foregoing February; and in each part of the field he reviewed the situation as it stood after the lapse of five months. In repeating previous official British apologies for the Anglo-German naval agreement, the new Foreign Secretary protested that this was 'in no sense a selfish agreement' and that

on no account could we have made an agreement that was not manifestly in our view to the advantage of the other naval Powers.

But he added, with disarming frankness, that

in the opinion of our naval experts we were advised to accept the agreement as a safe agreement for the British Empire.

He claimed that, with the French fleet at approximately its present level as compared with the British, the agreement gave France

a permanent superiority over the German fleet of 43 per cent. as compared with an inferiority of about 30 per cent. before the War.

He went on to affirm that the British Government were 'anxious for an Air Pact accompanied by air limitation', but he added that

several of the Governments, among them the French Government, [took] the view that peace is an indivisible whole and that you cannot deal with one part at a time, but that you must deal with all parts of it together.

The British Secretary of State paid a tribute to this doctrine of the indivisibility of peace by giving a cautious blessing to the projects for an Eastern and a Danubian Pact, and by notifying Austria that the British Government would

continue to take the closest and most sympathetic interest in the courageous efforts that her Government and her people [were] making to maintain and strengthen her independent existence.

Before passing to the Italo-Abyssinian dispute, Sir Samuel Hoare testified to his belief in the principle of collective security in terms which prepared the way for his declaration in the League Assembly at Geneva on the 11th September¹—and also, in one passage, for the domestic political events of the last week of December in the United Kingdom.²

I believe [Sir Samuel Hoare declared, with the tragic irony of an unconscious prophecy] that the strength of the League in Great Britain, just as the strength of the British Parliament, depends upon the amount of public opinion behind it in this country.

It will be seen from this speech of the 11th July, 1935, that the passage of five months had not brought much progress towards the realization of the programme for a European settlement which had been set out in the Anglo-French *communiqué* of the 3rd February. The only European political programmes that had come substantially nearer to realization during this period of nearly half a year were those of national rearmament in the several European countries that ranked as Great Powers. Rearmament, in fact, was the only European public activity at this time which was free from the curse of frustration; and this was a perverse and ominous exemption from a malady which was weighing like a nightmare upon the life of Europe as a whole.

In fact, the course of the first six months of international history in Europe in the calendar year 1935 seemed to have appreciably increased the danger of a collision between Germany on the one hand and France, Italy and the United Kingdom on the other. In July 1935 this was still the paramount anxiety in men's minds—and this not only in Europe itself but all over the world. In the second half of the year, however, this anxiety was thrust into a temporary oblivion by the operation of a law of Nature—or dispensation of Providence—which incapacitates human beings from feeling two pains at one and the same time. The prospect of a war in Europe was almost forgotten under the influence of the shock which was administered to Mankind, before the year closed, by the now present fact of a war in Africa.

¹ See vol. ii, section (v).

² *Op. cit.*, section (ix).

(j) ANGLO-FRENCH AND ANGLO-GERMAN EXCHANGES OF VIEWS ON
THE PROJECT FOR A WEST-EUROPEAN AIR PACT BETWEEN THE
LOCARNO POWERS, MARCH 1935-MARCH 1936¹

The twelve months ending with the military reoccupation, by the German Army, of the demilitarized zone in the Rhineland on the 7th March, 1936, were months which witnessed a steady deterioration in the relations between the European Powers. Unless something should happen to turn the tide, it was difficult to see how the outcome could be anything but another European war; and this would mean a conflict among five Great Powers who were armed with unprecedentedly potent instruments of destruction and whose once commodious arena had shrunk, owing to the modern Western Society's 'conquest of the air', to the narrow dimensions of a cockpit in which the combatants would be lacerating one another *corps à corps*. An air war between the European Powers was, indeed, an appalling prospect for the European peoples in the fourth decade of the twentieth century of the Christian Era; and this nightmare explains the eagerness of the welcome which was given by the public, in the countries concerned, to the proposal, made in the Anglo-French *communiqué* of the 3rd February, 1935,² for a specific application, to air warfare, of the terms of the Locarno Pact among the five West-European Powers that were parties to it (that is to say, France, Belgium, Germany, Great Britain and Italy).

At the moment when this project was made public, it was presented—at any rate to the British public by the British Government—as a relatively simple plan which could be carried out forthwith, independently of the rest of the vast and complicated tangle of European problems; and this prospect of creating an oasis in the European wilderness was balm to the eyes of the West-European peoples who were given this glimpse of a peaceful existence in which they might look forward to sitting every man under his own vine and his own fig-tree—whatever catastrophes might overtake their neighbours on the east. The failure of this promise to mature was one of the bitterest

¹ These two series of exchanges of views were carried on in strict confidence, and the account of them that is given in this chapter is based entirely on the documents published in the British Blue Book *Miscellaneous No. 3* [Cmd. 5143] of 1936. In this collection, the Anglo-German series is well represented. On the other hand, only two documents relating to the parallel and contemporaneous Anglo-French exchange of views are included; and the terms of this other exchange have therefore to be reconstructed from allusions (themselves conjectural) on the part of the German diplomatists in their own discussions with representatives of the British Government.

² See pp. 122-3, above.

disappointments that the West-European peoples had to suffer during the twelve months in question. After February 1935 darkness descended upon the Air Pact project, and it was not until more than a year later that the publication of a selection of state papers by the British Government lifted a corner of the veil and showed that, in the meantime, the Governments concerned had not been altogether inactive in this important field of diplomatic endeavour. The same documents threw light on some of the reasons why, after all this time, there was so little progress to be reported of a transaction which was so vital and so urgent. Evidently there were three difficulties which beset the path of the British, French and German negotiators from the start.

The first difficulty was that of disentangling the international affairs of Western Europe—even in the air—from those of Europe as a whole. The French were held back by a fear of giving offence to their East-European allies through a transaction which, in East-European eyes, might seem like an attempt, on the part of France, to contract out of an approaching catastrophe to which the East-European allies of France would be doomed, without hope of escape, if France were thus to abandon them to their fate. Conversely, the Germans were held back by a feeling that the ratification of the Franco-Soviet Pact of Mutual Assistance was fatal to any plans for disentangling West-European affairs from the general European complex. So deep did this feeling go that eventually Herr Hitler, so far from carrying the Locarno Pact into the air, broke up its terrene foundations by his military reoccupation of the demilitarized zone in the Rhineland on the 7th March, 1936.¹

The second difficulty was that of combining with a mutual guarantee pact, in regard to air warfare, between the Locarno Powers, a complementary pact between the same parties for an agreed limitation on a basis of parity between the four Great Powers concerned. The British view was that, without this limitation agreement, a mutual assistance agreement would be of little help towards keeping the peace, even if it were possible to negotiate such an agreement at all under the adverse conditions which would be created by an unchecked air armaments competition. The German view was that the ratification of the Franco-Soviet Pact of Mutual Assistance made it impossible for Germany to accept an air parity for herself with France without at least in some way taking account of the combined strength of the French and Russian Air Forces.

The third difficulty was the French insistence that the projected

¹ This will be dealt with in the *Survey for 1936*.

quinquelateral pact—or pair of overlapping pacts¹—for specifically extending the terms of the Locarno Pact to the air must be supplemented by bilateral pacts—or, at any rate, by one bilateral pact between France and the United Kingdom for the implementation of the wider reciprocal pact in the particular event of either France or Great Britain being the victim of aggression and Germany being the aggressor. On technical grounds the French had a strong case for making this demand; for they could argue that, owing to the speed with which any future air war would be launched, undertakings for mutual assistance against an aggressor in the air would be ineffective unless they were accompanied by detailed arrangements, worked out and agreed upon in advance, for instantaneous concerted action between two Powers who might find themselves called upon to fight on the same side in one of the several theoretically possible permutations and combinations of alliance and counter-alliance which the several theoretically possible breaches of the wider reciprocal pact might entail.² On the other hand, the Germans maintained that the negotiation of an Anglo-French bilateral pact for mutual assistance in the air would have the effect of breaking up the Locarno framework which, in the French view, would be reinforced by an Anglo-French arrangement of the kind. And these German misgivings were not overcome by British assurances of British intentions to keep the door open for the negotiation of corresponding bilateral pacts between any other pairs of parties that might desire to conclude them.³

This last of the three difficulties seems to have been brought to the German Government's attention by a passage in the *Stresa communiqué* of the 14th April, 1935,⁴ in which a passing reference was made to 'bilateral agreements which might accompany' the proposed Air Pact. The point was raised by the German Ambassador in London in a conversation with Sir John Simon on the 3rd May; and at this stage the British Secretary of State was able to assure Herr von Hoesch that

¹ See p. 124 *n.*, above.

² As evidence of the reasonableness of their demand, the French could point to the British Government's insistence upon the holding of Franco-British technical conversations to supplement the French undertaking to support Great Britain in the Mediterranean in the event of an Italian attack upon British possessions or British armed forces. See the *Survey for 1935*, vol. ii, section (viii).

³ The British Government seem to have taken care to avoid giving the German Government any reason to expect that Great Britain would show any desire to conclude a bilateral pact of this kind with Germany.

⁴ See p. 160, above.

as to bilateral agreements, none such had been discussed except as to the special relations of Britain and Italy in the Air Pact.¹

But in the same breath Sir John Simon went on to say that

it was quite true that the question might arise whether other bilateral agreements of any sort would be needed in view of the fact that the Air Pact provided for instantaneous action. That, however, was for the future and was one of the things which might have to be considered if we all got down to the work of drafting the pact together. The Ambassador expressed the strong view that it was, in fact, impossible for A to have a bilateral agreement with B as to the way in which obligations would be fulfilled against C and at the same time to have an agreement with C as to how reciprocal obligations would be fulfilled against B.²

Both in this conversation of the 3rd May and in a subsequent one, between the same two diplomatists, on the 10th, the German Ambassador deplored the postponement of the negotiation of the Air Pact and declared that this originally Anglo-French idea had lost all its attractiveness in the eyes of the French Government as soon as it had become known that the German Government, too, were in favour of it.

At the interview on the 3rd May, Sir John Simon had told Herr von Hoesch that the British Government had already

had certain suggestions from France, Italy and Belgium, and would be glad to have any proposals which Germany wished to make as to the form of the pact.

On the 29th May Herr von Hoesch duly handed Sir John Simon a German draft embodying the German Government's suggestions as to the form of an Air Pact between the Locarno Powers; and at the same time he mentioned that the German Government were informing the other Locarno Powers that they were putting this draft in the British Government's hands; suggested that copies of the German draft might be communicated to the other parties by the British Government; and expressed his belief that the French Government had prepared, and had sent to the British Government, a draft of their own which they had not communicated to the German Government.³ On this last point the German Ambassador received no light from Sir John Simon. The German Government, however, returned to the charge on the 9th July with a suggestion to the British Government that the latter

¹ *Miscellaneous No. 3* [Omd. 5143] of 1936, Document No. 19, p. 30.

² *Op. cit.*, *loc. cit.*

³ See the despatch, dated the 29th May, 1935, from Sir John Simon to Sir E. Phipps in Berlin (*Miscellaneous No. 3* [Omd. 5143] of 1936, Document No. 24).

should circulate in one document the texts of the various drafts of the Air Pact, i.e. those of the British, French and German Governments.¹

In the meantime the parallel series of Anglo-French exchanges of views on the same subject had evidently gone some distance, to judge by the following telegraphic instructions² which were sent to the British Ambassador in Paris on the 22nd July by the Secretary of State in Downing Street (now no longer Sir John Simon but Sir Samuel Hoare):

You should see Monsieur Laval and say that you understand that he accepts the position that His Majesty's Government are prepared to agree in principle to bilateral arrangements for making effective a general Air Pact, one of these bilateral arrangements being between the United Kingdom and France and other bilateral arrangements being open to any of the other signatories desiring them; and that His Majesty's Government are prepared at once to use their influence with the German Government to bring the Germans into the discussion upon this line.

On the understanding that Monsieur Laval accepts this, we propose to ask the German Government to agree (1) to the principle of the accompaniment of the Air Pact by such arrangements between any two parties as those two parties may judge necessary to render it effective; and (2) to the opening of the general negotiations on that basis. I should like you also to obtain confirmation that if the German Government agree to this the French Government will themselves agree to the opening of the general negotiations.

You should see to it that Monsieur Laval realizes that our consent to the principle of bilateral arrangements is not absolute, but is dependent not only upon (a) these arrangements making the general Air Pact effective, but (b) also on that pact maturing, which in its turn implies general agreement between the parties.

You should therefore make it clear to Monsieur Laval that the very fact that these bilateral arrangements may be mutually entered upon by any two parties to the pact will make it necessary to limit the scope of any one arrangement, and, to a certain extent, to preserve a balance between the provisions which each may contain.

On the 29th July Monsieur Laval told Sir George Clerk that he agreed to Sir Samuel Hoare opening the conversation with the German Government, whenever he wished, on the proposed basis; but at the same time Monsieur Laval reminded the British Ambassador

of the other stipulation already made, namely, that the French Government [were] unable to agree to the Air Pact being concluded (as distinct from negotiated) in advance of the conclusion of agreements on the other matters enumerated in the declaration of the 3rd February.³

¹ Despatch dated the 23rd July, 1935, from Sir Samuel Hoare to Mr. Newton in Berlin (*op. cit.*, Document No. 33).

² *Op. cit.*, Document No. 31.

³ *Op. cit.*, Document No. 32, p. 48.

On the 23rd July—between the dates of Sir Samuel Hoare's approach to Monsieur Laval on the 22nd and Monsieur Laval's response to this approach on the 29th—Sir Samuel Hoare had announced—in a despatch to the British *chargé d'affaires* in Berlin—his refusal of Herr von Hoesch's proposal of the 9th July.

I propose, as soon as they have all agreed to the opening of negotiations about the Air Pact, to circulate to the Belgian, French, German and Italian Governments a paper raising a number of questions on the subject; and when there is general agreement on the answers to these questions it will be possible to proceed with the preparation of a common draft. In these circumstances I feel that it would be a waste of time and only lead to confusion to circulate the three existing drafts. My views on this matter have been brought to the notice of the French and German embassies here.¹

At an interview on the same day, at the Foreign Office in Downing Street, Sir Samuel Hoare had urged upon Herr von Hoesch that the German Government should show themselves more accommodating in regard to the project for an Eastern Pact on the ground that, 'if there was no simultaneous progress along the line of the Eastern Pact', the Air Pact 'was unattainable'.²

Thereafter, at another interview in the same place on the 1st August, Sir Samuel Hoare—armed with the consent which he had obtained from Monsieur Laval on the 29th July³—raised the question of the Air Pact with Herr von Hoesch once again:

As to the air negotiations, I explained to him the present position, namely, that the French Government would not embark upon them until it was accepted that bilateral agreements should form part of a general pact. The Ambassador started by attempting to make this an issue of principle between the German and French Governments. I asked him whether it was really a question of principle at all, and whether the question did not really depend upon the scope and character of the contemplated agreements to be made. I then outlined to him our conception of the agreements, and made it quite clear that we were only contemplating arrangements that were incidental to the general pact, that were necessary to it for making it effective and that would be open to all five Powers. He said that with one hand the French were ready to give Locarno guarantees, with the other hand they were anxious to withdraw them from Germany by bilateral agreements. I repeated to him as strongly and definitely as I could that the agreements that we contemplated were based upon the spirit and principles of Locarno. They would not interfere with the Locarno equilibrium, and they would not be used to the disadvantage of any of the Locarno Powers. That was our conception of the agreements. Such agreements were regarded

¹ *Op. cit.*, Document No. 33, p. 49.

² *Op. cit.*, Document No. 34, p. 49.

³ See above.

as both safe and useful, and the German Government could rely upon us in the negotiations to maintain this position. This being so, it seemed to me entirely safe for the German Government to enter the negotiations on these lines.¹

‘On the 23rd August, 1935, the Foreign Office asked the German Embassy when the German Government’s reply might be expected to Sir Samuel Hoare’s communication of the 1st August. No reply could ever be obtained to this inquiry.’²

It will be seen that, by this time, it was the British Government who were pressing for the negotiation of the Air Pact, and the German Government who were holding back; and this situation appears to have remained unchanged from August to December 1935—to judge by the terms of instructions³ that were sent on the 5th December to the British Ambassador in Berlin by the Secretary of State in Downing Street in consequence of a report, from the French Ambassador in Berlin, of Herr Hitler’s ‘unwillingness to negotiate at all pending a settlement of the Abyssinian question’.⁴

‘The French demand that the proposed Air Pact should be accompanied by bilateral arrangements’ was still the crux; for, in instructing the British Ambassador in Berlin to ‘ask for an interview with the Chancellor in order that we may learn from him personally his view on the possibility of further conversations respecting the London Declaration, and particularly the question of the Air Pact and air limitation’, the Secretary of State in Whitehall made a note that Herr Hitler was to be reminded that no progress could be achieved if the French demand were simply ignored. And this crux proved formidable indeed when Sir Eric Phipps carried out his instructions at an interview with Herr Hitler on the 13th December. What happened on this occasion is recounted as follows by the British Ambassador himself in a despatch of the 16th December, 1935,⁵ from Berlin to London:

I reminded the Chancellor of his oft-expressed opinion that a general understanding must be achieved step by step. In this connexion I reminded him of the last sentence in point 5 of his Reichstag speech of the 21st May,⁶ and suggested that we had all seemed to be agreed that the first step should be to conclude an Air Pact and an Air Limitation Agreement. I added that the bilateral agreements that we contemplated to accompany an Air Pact were based upon the spirit and principles of

¹ *Op. cit.*, Document No. 36, pp. 52–3.

² *Op. cit.*, Document No. 59, p. 85.

³ *Op. cit.*, Document No. 45, pp. 59–61.

⁴ This unwillingness had been signified to the French Ambassador by Herr Hitler himself in an interview on the 21st November, 1935 (*Op. cit.*, Document No. 59, p. 85).

⁵ Text in *op. cit.*, Document No. 46, pp. 61–2.

⁶ See p. 173, above.

Locarno. They would not interfere with the Locarno equilibrium and they would not be used to the disadvantage of any of the Locarno Powers. That was our conception of the agreements. Such agreements were regarded as both safe and useful, and the German Government could rely upon us in the negotiations to maintain this position. This being so, it seemed to His Majesty's Government entirely safe for the German Government to enter the negotiations on these lines.

Herr Hitler, despite these explanations, expressed the strongest objection to the conclusion of any bilateral arrangements within the Air Pact and no arguments of mine could shake him. He then declared that the Franco-Soviet 'military alliance' directed against Germany had rendered any Air Pact out of the question; for the bringing into the picture of Russia had completely upset the balance of power in Europe. He referred to Russia's enormous strength on land and in the air, and remarked that Berlin might easily in a few hours be reduced to a heap of ashes by a Russian air attack before the League or any other body had even begun to discuss the question of how to deal with it. I pointed out that it was for the very purpose of putting the Air Pact into speedy execution that the French wished for the conclusion of these bilateral arrangements, without which the Air Pact itself might prove useless for the reason he had himself given. What, indeed, seemed to be in the general interest was to extend the Treaty of Locarno to the air and to come to some rapid arrangement for air limitation.

The Chancellor referred to the reply that he had given to the question addressed to him from Stresa respecting the Eastern Pacts,¹ and declared that he had not at that time realized the full meaning of the Franco-Soviet alliance. His main objection to the alliance is the fact that each party reserves to itself the right to decide in the last resort who the eventual aggressor is. For instance, in the event of war between Russia and Poland, if Germany came to the latter's assistance she would be dubbed the aggressor by France and treated as such. This even impaired the efficacy and value of the Treaty of Locarno.

This reply from Herr Hitler to Sir Samuel Hoare's overture in regard to the projected Air Pact was discouraging, and the closing reference to the Locarno Pact was ominous; but the British Secretary of State returned to the charge on the 8th January, 1936, in the person of Mr. Eden, who had taken up Sir Samuel Hoare's succession at the Foreign Office on the 22nd December. The new Foreign Secretary asked the British Ambassador² to represent to Herr Hitler that the encounter of the 13th December had been 'the first occasion on which the German Government' had 'claimed that the Franco-Russian treaty' had 'rendered any Air Pact out of the question'. In answer Herr von Neurath declared to Sir Eric Phipps³ that on the 13th

¹ See pp. 75-9 and 158-9, above.

² See *Cmd.* 5143 of 1936, Document No. 47, pp. 62-3.

³ Telegram of the 14th January, 1936, from Sir E. Phipps to Mr. Eden (*op. cit.*, No. 48, p. 63).

December Herr Hitler had only meant to say that the Franco-Soviet Treaty had rendered an air *limitation* agreement impossible for the present, but that he was ready in principle to conclude an Air Pact between the Locarno Powers. The German Government, Herr von Neurath added, were also ready for any technical arrangements to be discussed round a table by all the Locarno Powers; and even bilateral agreements could be so discussed—only these must not be discussed *à deux*. On the 14th January this declaration on the part of the German Foreign Minister was confirmed by the Chancellor himself, but with a postscript to the effect that

any discussion regarding a Locarno Air Pact would clearly be inopportune at present owing to strained relations between Italy and Great Britain, the two guarantor Powers of Locarno.¹

These questions were taken up again on the 27th January, 1936, in a conversation between Mr. Eden and Herr von Neurath, when the German Foreign Minister was in London on account of the funeral of King George V.² On this occasion, once more, the German dislike of bilateral pacts within the Locarno structure found expression, though at the same time Herr von Neurath declared himself to be in agreement with Mr. Eden in considering 'that it would be a great pity if ever' the Locarno 'Treaties ceased to be'. This conversation in London was inconclusive; and so were two subsequent conversations on the same subject in the same place: one on the 15th February between Lord Cranborne and Prince Bismarck, and the other on the 27th February between Mr. Eden and Herr von Hoesch. On both occasions the German diplomat reaffirmed the German view that it was impracticable to begin negotiations for a West-European Air Pact so long as the Italo-Abyssinian conflict was on foot.

On the 6th March Mr. Eden saw the German Ambassador in London again and made a final appeal for German collaboration with Great Britain in order to open negotiations for an Air Pact of Mutual Guarantee between the Locarno Powers (without insisting that this should be accompanied by an agreement for the limitation of air armaments as between the same parties).

I told the Ambassador that I would like him to bring to Herr Hitler's notice the earnest desire of His Majesty's Government to open at least with Germany and France and Belgium, and with Italy also, if possible, discussions on the Air Pact through the diplomatic channel, it being understood that one of the matters for discussion would be bilateral arrangements between the parties to the conversations. The Ambassador remarked that I would recall that it was these bilateral arrangements

¹ *Op. cit.*, Document No. 49, p. 64.

² See *op. cit.*, Document No. 50, pp. 64-5.

that had always constituted the first difficulty in the way of progress. Herr Hitler had not been, and was not, opposed to a pact as such, but these bilateral agreements, which the French were anxious should be directed against Germany, were an unwelcome complication. I replied that we must see whether this difficulty could not be overcome. I saw no reason why the contents of these bilateral arrangements, the conclusion of which we knew would be a source of great satisfaction to French opinion, should not be discussed, like the pact itself, between all five parties to the discussions. Nor did I see why any of the contents of these bilateral arrangements should be secret. On the contrary, I thought that they should be published as annexes to the pact itself. The Ambassador already knew that His Majesty's Government would not consent to the conclusion of any of these bilateral arrangements in such a form as would upset the balance of Locarno or would render impossible the conclusion of a similar agreement between any one of a group of two Powers and a third Power.

If the Chancellor were able to agree to this proposal, there would be a number of principles on which it would probably be best that the five Powers should reach agreement through the diplomatic channel before there was any attempt to produce a common draft for the pact. These general principles were as follows:

(1) Which of the proposed signatories would give guarantees and which would receive them?

(2) What were the circumstances in which the guarantees could operate?

(3) What reference was possible in the Air Pact to the desirability of the prohibition of indiscriminate bombing?

(4) Would the guarantees apply to territory only, or to fleets and merchant shipping on the high seas?

(5) What would be the exact nature and contents of the bilateral arrangements, which would, no doubt, have to be annexed to the pact itself?

I said that I would be very glad if the Ambassador would put this proposal before the German Chancellor. I did not feel that it was really impossible to negotiate such a pact even while the situation was complicated by the Italo-Abyssinian war. . . .

As he left, the Ambassador remarked that he had received warning from Berlin that a special messenger was on his way to London with an important declaration for me from the Chancellor. He therefore asked for an interview in order to deliver to me that message on the 7th March.¹

This was the situation on the eve of the German military re-occupation of the demilitarized zone in the Rhineland on the 7th March, 1936. It will be seen how little progress towards the opening of negotiations for an Air Pact between the Locarno Powers had been made in the course of twelve months preceding the date on which the foundations of the Locarno Pact itself were broken up by the tread of the westward-marching feet of the Reichswehr.

¹ *Op. cit.*, Document No. 57, pp. 73-5.

(vii) North-Eastern Europe

(a) RELATIONS BETWEEN GERMANY AND POLAND

(JANUARY 1934–MAY 1936)

In previous volumes of this *Survey*¹ some account has been given of the gradual improvement in the relations between Germany and Poland which took place during the first twelve months after the establishment of a National-Socialist régime in Germany, and the significance of the change from the point of view of the European situation as a whole has been indicated. The German-Polish pact of non-aggression of the 26th January, 1934, which was the first important result of the policy of the Third Reich towards Poland, is also dealt with elsewhere;² and it remains here to review briefly the progress of the *rapprochement* from January 1934 onwards.

One of the earliest and most significant steps was an agreement for 'moral disarmament' which was reached at the end of February 1934. On the 26th February it was announced that representatives of the German and Polish departments concerned with press and propaganda questions had agreed to 'work in continuous co-operation in all matters relating to the formation of public opinion in the two countries'. In pursuance of this agreement, further conferences of the officials concerned were held from time to time, and exchange visits of German and Polish journalists were also arranged. The immediate result of these measures was satisfactory so far as the cessation of hostile propaganda was concerned, and for some time press comment in either country upon events and tendencies in the other country was notably restrained.

Good progress was also made at first in regard to the improvement of communications and to economic co-operation. On the 1st January, 1934, an agreement regulating local frontier traffic had come into force. This agreement had been signed as far back as the 22nd December, 1931, but the strained relations between the two countries had prevented its ratification. On the 1st May, 1934, regular air services started between Germany and Poland in accordance with an agreement which had been signed on the 21st January, 1934. On the 7th March, 1934, an agreement was signed which put an end to

¹ The *Survey for 1933*, pp. 185 *seqq*; the *Survey for 1934*, pp. 327–8, 341 *seqq*.

² See the *Survey for 1934*, pp. 386–7; the present volume, p. 60, above. See also I. F. D. Morrow: *The Peace Settlement in the German-Polish Borderlands* (Oxford University Press for the Royal Institute of International Affairs, 1936), chapter XIV.

the 'customs war' between the two countries. This provided for the removal of discriminatory measures and also dealt with certain traffic questions. On the 11th October, 1934, a compensation and clearing agreement was signed. Negotiations were also entered into for a comprehensive trade treaty; and, although these encountered considerable difficulties, agreement was eventually reached. By a treaty signed on the 4th November, 1935, economic relations between Germany and Poland were placed on a most-favoured-nation basis, and a system of quotas was arranged which opened the Polish market to German industrial goods in return for an increase in Polish agricultural exports to Germany. It was estimated at the time that this treaty would increase the volume of German-Polish trade by about 50 per cent., but the hope that commercial exchanges would develop to the profit of both parties proved to be illusory.¹

In regard to formal diplomatic relations, it was announced at the end of October 1934 that the two Governments had decided to raise their representatives *auprès* one another to the rank of Ambassador. This decision was welcomed in Poland as a sign of German recognition that Poland had attained the coveted status of a Great Power. Polish opinion was also gratified by the visit of a German cruiser to Gdynia in August 1935 in return for a visit of two Polish destroyers to Kiel earlier in the summer; but, except on occasions such as these, there were few signs of popular approval in Poland for the *rapprochement* with Germany.

The fact that it was Germany who played the active part in the promotion of the German-Polish understanding was illustrated by the interchange of official visits—German visits to Poland being considerably more numerous than Polish visits to Germany. The first German Minister who travelled to Warsaw after the signature of the pact of non-aggression was Herr Goebbels, the Minister for Propaganda, who addressed a meeting on the subject of 'the ideology of National-Socialism' in the middle of June 1934. It was noticeable that his reception was not particularly friendly, and indeed his visit was the occasion of hostile demonstrations by Socialists, Jews and Catholics in Warsaw. In January 1935 General Göring—a strong advocate of German-Polish friendship—attended a hunting-party on the invitation of the Polish President in the state forest of Bialowieza. This was a form of diplomatic contact which was becoming fashionable in Eastern Europe, and General Göring (who included among his offices that of Master Forester of the Reich) was specially addicted to it. He also had more formal conversations in Warsaw

¹ See p. 207, below.

with members of the Government and with Marshal Pilsudski on his way to Bialowieza and on his return. The German Government were particularly anxious at this time to make sure that there would be no change in the Polish attitude of opposition to the Eastern Security Pact project,¹ and also to ascertain Polish views in regard to German rearmament. On the first point, Polish policy continued to coincide with Germany's wishes; but, whatever the nature of the discussions on German rearmament may have been in January 1935, in the following April Poland joined with the other members of the League Council in formally denouncing Germany's unilateral repudiation of the disarmament chapter of the Versailles Treaty.²

During April 1935, also, there was a sudden recrudescence of friction in the Polish Corridor. A number of incidents were apparently attributable to Polish resentment at Nazi proceedings during the election campaign in Danzig,³ but there were also allegations that the Nazis were attempting to work up an agitation in the Corridor for union with the Reich, and a number of Germans were placed under arrest on the accusation of taking part in subversive political activities.

The threatened renewal of Polish-German tension was averted for the moment by the refusal of the German Government to take offence. In May 1935 General Göring visited Poland for the second time, in order to represent his Government at the funeral of Marshal Pilsudski, and he took the opportunity for further discussions with members of the Polish Government.⁴ On the 21st May, when Herr Hitler reviewed Germany's foreign policy in a comprehensive speech, he made a friendly gesture towards Poland by including a special reference to the German-Polish non-aggression pact. He declared that Germany would faithfully execute the terms of the pact and was ready to prolong it, and that she desired nothing more than the strengthening of her friendship with Poland. (He still refrained, however, from committing himself to any explicit renunciation of territorial claims in the east, similar to that which he had repeatedly made when referring to Germany's relations with France, and this omission was duly noted in Poland.)

At the beginning of July 1935 the Polish Foreign Minister paid his first official visit to Berlin. The topics which were discussed by Colonel Beck with his hosts were understood to have included the renewed crisis in the relations between Danzig and Poland,⁵ and the

¹ See section (iv) of this part of the present volume.

² See pp. 165-6, above.

³ See pp. 232-3, below.

⁴ He also saw Monsieur Laval (see p. 83, above).

⁵ See pp. 223-6, below.

Anglo-German naval agreement¹ (in regard to which the Polish Government felt some concern, from the point of view of a possible expansion of German naval power in the Baltic), as well as the general European situation, with special reference to the negotiations which had been initiated by the Anglo-French declaration of the 3rd February, 1935,² and to the recent signature of a Franco-Russian Pact of Mutual Assistance.³ In September General Göring entertained distinguished Polish guests at a hunting-party,⁴ and in October another visit by a German Minister to Poland took place, when Herr von Ribbentrop, in his turn, was a guest at a Polish hunting-party. At the end of January 1936 Colonel Beck had another meeting with members of the German Government in Berlin on his way back to Warsaw from Geneva, where he had been attending a meeting of the League Council at which the accomplishment of Nazi designs in Danzig had suffered a set-back.⁵

By this time German-Polish relations were showing once more decided signs of strain. There were complaints on the Polish side that the Polish minority in Germany was not receiving any better treatment as a result of the official German-Polish *rapprochement*,⁶ and alleged irredentist activities in the Corridor and in Upper Silesia also continued to be a source of trouble. At the end of January 1936 Polish indignation was aroused by a speech made at Beuthen by Dr. Schacht, who denounced the partition of Upper Silesia on economic grounds. Dr. Schacht was already unpopular in Poland as the author of the restrictions on the transfer of German currency which hampered Poland's trade with Germany and prevented her from deriving any benefit from the commercial treaty of the 4th November, 1935.

That treaty had not dealt with the question of Poland's frozen credits in Germany, which had already amounted to a very considerable sum at the time of its signature.⁷ After the treaty came into force the Polish market was unable to absorb German industrial products

¹ See the present volume, pp. 178-83, above.

² See section (vi) of this part of the present volume.

³ See pp. 79-82, above.

⁴ See also p. 297, below.

⁵ See pp. 242-5, below.

⁶ In March 1936 the decision not to allow the Poles in Germany to propose candidates for the Reichstag elections aroused strong resentment in Poland.

⁷ In January 1936 it was estimated that the Polish money frozen in Germany amounted to a total value of about £18,000,000. This total included the sums due on account of the transit traffic and about £3,000,000 due in payment for Polish imports. The balance was accounted for by the deposits, property and earnings of Polish nationals in Germany.

very rapidly, whereas Germany was in urgent need of certain of the principal Polish exports, such as butter and pigs. The exchange restrictions prevented Germany from transferring the currency necessary to pay for her excess of imports over exports, and the result was to swell the total of Poland's frozen credits, to the great inconvenience of Polish exporters. In January 1936 a mixed commission which had been appointed to supervise the operation of the commercial treaty decided on a drastic reduction of Polish exports to Germany as the only possible course.

The German transfer restrictions were also responsible for the crisis over the German transit traffic across the Polish Corridor which arose in February 1936. The transport dues on the German traffic across the Corridor amounted to about £265,000 a month,¹ and since March 1935 the sums collected by the German railway administration had been deposited in the Reichsbank and not transferred to Poland. In January 1936 the Polish Government decided that it was impossible, in view of their own financial situation, to allow this debt to continue to accumulate indefinitely, and they gave notice at the end of January that if a settlement were not reached by the 7th February, the German passenger and goods traffic across the Corridor would be curtailed by half, and the privileged traffic would be suspended altogether on that date. The Polish authorities rejected a German proposal that the debt should be paid partly in goods, and on the 7th February the restricted railway services came into operation.

It said much for the difficulties of Germany's foreign exchange position that she preferred to submit to the curtailment of traffic rather than transfer the relatively small sum involved; and it said even more for her desire to remain on friendly terms with Poland that she took the Polish decision in good part. The Polish Government themselves were clearly anxious that their action should not be given a political implication, and although a certain amount of comment unfavourable to Germany was now finding its way into the Polish press, there was little anti-German agitation of the kind which had been common before 1934.² The signature of the Franco-Russian

¹ Poland granted freedom of transit to Germany across the Corridor by Article 89 of the Versailles Treaty. A treaty setting out the detailed arrangements relative to the transit traffic was signed in Paris, on behalf of Germany, Poland and Danzig, on the 21st April, 1921 (text in *League of Nations Treaty Series*, vol. xii).

² It was significant, however, that at a meeting of the Sejm at the end of January 1936 one of the leaders of the Government Party, Colonel Miedzinski, launched an attack on Dr. Schacht, who was, he said, including Poland in the sphere of his experiments and forcing her to give Germany a loan against her will. On the 10th January, 1936, the Government had secured the power,

Pact of the 2nd May, 1935,¹ had created a new bond of interest between Poland and Germany, and in February 1936 their mutual dislike of this new feature in the international landscape was stimulated by the imminent prospect of the ratification of the treaty by France. Moreover, doubt regarding the outcome of the Italo-Abyssinian conflict and the future of the collective system was inclining the Poles to attach new importance to the maintenance of good relations with Germany.

In these circumstances the dispute over transit traffic across the Corridor was not pushed to extremes. Early in February 1936 it was announced that General Göring had arranged to attend another hunting-party in the Bialowieza forest before the end of the month, and on his arrival in Warsaw on the 19th February² he was understood to have given the Polish Government an assurance that Germany would settle the transport dues question in a manner satisfactory to Poland. On this occasion General Göring was the guest of the Polish General Staff at Bialowieza, and the secrecy which was observed in regard to his movements and in regard to the names of his fellow guests gave rise to rumours that his visit had a military as well as a diplomatic aspect.

Negotiations for a settlement of the railway dispute were resumed in March, but they were not successful at first. The Polish Government still refused to accept any arrangement which did not provide for substantial payments in cash, and the Reichsbank was still unwilling to release foreign exchange to meet even the current charges (which had been reduced considerably by the curtailment of traffic). The Reichsbank's objections were finally waived, however, and early in April a provisional agreement was reached by which Germany undertook to transfer to Poland monthly the sum due on the previous month's working of the railways. It was agreed that the method of paying off the accumulated debt should be the subject of further negotiations. On the 7th May, 1936, it was announced that the Bank of Poland had received from the Reichsbank the sum of £150,000 in payment for the traffic dues from the 25th March to the end of April. A definite agreement had not yet been reached in regard to the payment of arrears, but the negotiations were said to be proceeding

through an emergency decree, to take reprisals against the blocking of Polish capital abroad, and there was a demand in various quarters that strong measures should be applied to Germany.

¹ See the present volume, pp. 79-82, above.

² General Göring had been preceded a few days earlier by the Reich Commissioner for Justice, Herr Frank, who gave a lecture in Warsaw at the invitation of the Polish Committee for Intellectual Co-operation.

satisfactorily. The removal of this obstacle did not necessarily mean that the course of German-Polish relations would run smoothly thenceforth, but it was at least a sign that the two Powers were anxious not to alienate one another at a time when the whole international situation was in a state of flux.

(b) THE SITUATION IN DANZIG (1933-5)¹

(1) *Introductory*

When, on the 30th January, 1933, Herr Hitler became Chancellor of the German Reich, there appeared to be a grave risk that the repercussions of the National Socialists' triumph might produce a change for the worse in the situation in the Free City of Danzig, and might even provoke a serious explosion in a region that was already recognized to be one of the danger-spots of Europe. It was feared that the tension between Danzig and Poland, which had never relaxed completely since the establishment of the Free City and which had risen from time to time to a dangerous pitch,² might reach breaking-point if the Nazis gained control over the Free City; and this fear was not diminished by an incident which occurred within a few weeks of the Nazis' advent to power in Berlin. The dispute over the Polish guard on the Westerplatte Peninsula was, indeed, settled by mutual concessions at Geneva;³ but the incident was an example of the kind of crisis which might arise at any moment, and which might not find a peaceful solution if the normal atmosphere of mutual suspicion between Danzig and Poland were to be intensified as a result of the establishment of a Nazi régime in the Free City.

In the event, these apprehensions turned out to be unfounded, for the Nazi victory in the elections at Danzig in May 1933⁴ was followed by a marked *détente* between Danzig and Poland and not by a further deterioration in their relations. It had been one of Poland's standing grievances against the Free City that it followed a policy dictated by Berlin, and under the Nazi régime this charge was substantiated by the open admission that the Danzig Government looked to Germany for guidance and support. The intimate relations between Danzig and Berlin, however, now worked out to Poland's advantage, in consequence of the decision to adopt a policy of *rapprochement* towards

¹ For a sketch of the position in Danzig during these years see Morrow, *op. cit.*, pp. 470-81.

² See the *Survey for 1932*, Part IV, Section (iii), where some account is given of the relations between Danzig and Poland during the years 1926-32.

³ See pp. 215-18, below.

⁴ See p. 214, below.

Poland which was taken by the Nazi Government in Germany at an early stage in their career.¹ In pursuance of this policy, the Nazis in Danzig were instructed to promote the settlement by direct negotiation of outstanding differences with Poland, and to encourage economic co-operation. The adoption of a conciliatory policy was calculated to serve the interests of the Free City itself as well as those of the Reich; for the Danzigers' indulgence in displays of hostility towards Poland had proved an expensive luxury,² and it was imperative that the Danzig-Polish economic war should be brought to a close if the complete ruin of the port of Danzig was to be avoided. The improvement in the relations between Germany and Poland produced such good effects in Danzig that a series of disputes which had been dragging on for years with no apparent prospect of settlement was disposed of in a few months; and, although another serious difference arose in the year 1935, that also was settled by direct negotiation without undue delay.³

Although Herr Hitler's foreign policy called for an appeasement of the feud between Danzig and Poland, it did not follow that the idea of the ultimate reincorporation of the Polish Corridor and of Danzig into the Reich, which had formed one of the items on the programme of the Nazis while they were in the wilderness, had been erased from that programme now that they found themselves in office. The signature on the 26th January, 1934, of a pact of non-aggression, by which Germany and Poland renounced the use of force against one another for ten years,⁴ presumably indicated that a forcible seizure of Danzig by Germany was not contemplated in the near future; but, in spite of the new German consideration for Polish susceptibilities, there was no attempt to disguise the fact that the National-Socialist Government in Berlin looked forward to the day when Danzig would be reunited with the Reich by one means or another. The promotion of good relations with Poland therefore represented only one aspect of the policy laid down for the Nazis in Danzig. Of no less importance was the principle that the Free City must be prepared for her eventual entry into the Third Reich by the process of *Gleichschaltung* which was applied to the Länder of the Reich.⁵

The Nazis in Danzig, however, were hampered in their efforts to use the methods of Nazification, which proved so efficacious within the frontiers of Germany, by the facts that the Constitution of the Free

¹ See the *Survey for 1933*, pp. 185 *seqq.*; Morrow, *op. cit.*, pp. 464-70.

² See the *Survey for 1932*, pp. 380 *seqq.*; Morrow, *op. cit.*, chapters III-V.

³ See pp. 223-6, below.

⁴ See the *Survey for 1934*, pp. 386-7; the present volume, pp. 60 and 204, above.

⁵ See the *Survey for 1933*, pp. 140 *seqq.*

City was under the guarantee of the League of Nations, and that it was one of the duties of the High Commissioner, who was the League's permanent representative in the Free City, to see that the rights and interests of all citizens were respected in accordance with the Constitution. The members of the non-Nazi minority in Danzig were therefore not deprived, as were their fellows in the Reich, of all means of defence against the process of *Gleichschaltung*; and, while their right of appeal to the League of Nations could not save them from suffering many wrongs at Nazi hands, it did enable them to keep their heads above water and even to swim against the tide. The best indication of the degree of protection which was afforded by the League's guarantee of the Constitution of Danzig was given by the result of the elections for the Diet in April 1935, when the Nazis failed signally to achieve the sweeping victory which they had confidently anticipated.¹

From the point of view of the League of Nations, the establishment of a Nazi régime in Danzig provided a solution for one series of problems only to initiate another series. The improvement of relations with Poland and the policy of settling differences by direct negotiation meant that the High Commissioner and the Council of the League were no longer called upon to intervene in Danzig-Polish disputes; but the Nazis' efforts to deal with the opposition on the lines which were followed in the Reich brought them into collision with the High Commissioner and resulted in the frequent despatch to Geneva of complaints by members of the minority. Thus, after a relatively calm period in 1934,² questions concerning Danzig made their appearance upon the agenda of the League Council with no less regularity during the year 1935 than during the preceding years of Danzig-Polish tension, and the burden upon the Council was not appreciably lightened by the internal, rather than international, character of the new problems with which it had to deal. If the Nazis could not be restrained by the League from committing flagrant breaches of the Constitution of Danzig, the resulting change in the situation of the Free City *vis-à-vis* Germany and Poland might well give rise to international complications; and in any case their defiance of the Council would strike a heavy blow at that body's moral authority at a time when it could ill afford any weakening of its prestige. The statesmen of Europe, therefore, in the midst of their preoccupation with wider issues, could not relax the attention which they had grown accustomed to devote to the affairs of Danzig.

¹ See pp. 232-4, below.

² No question relating to Danzig was put upon the agenda of the League Council between January 1934 and January 1935.

(2) The Establishment of a Nazi Régime in Danzig

At the turn of the years 1932 and 1933 the Government¹ of Danzig was in the hands of a coalition formed by the German Nationalist and Centre Parties together with certain smaller bourgeois parties. This Government, which had held office since November 1930, possessed only thirty-one votes in the Volkstag of seventy-two members, and it was therefore dependent upon the support of the thirteen Nazi members. After the formation of a National-Socialist Government in Germany the Danzig Nazis offered to continue their co-operation with the Government at the price of a share in the administration. This proposal was rejected by the Government, whereupon the Nazis went into opposition and forced a dissolution of the Diet in April 1933. The 28th May was the date fixed for the election for the new Volkstag.

During the two and a half years which had elapsed since the last election the National-Socialist movement had been making great strides in Danzig. The police had joined the party almost *en masse*; the customs officials—the most important body of officials in the city—had elected Nazi leaders; and the post office and railway officials (other than the Poles) were also predominantly Nazi in their sympathies. The fact that nearly all the higher officials in the Free City were National Socialists was bound to exercise a considerable influence upon the politics of the subordinate officials, who feared reprisals if they showed signs of opposing their superiors' views. In the election campaign the Nazis had all the advantages of German support and were able to draw freely upon the Reich for funds and for speakers,² as well as for contingents of S.A. men to help in the conduct of the campaign and in the discouragement of opposition movements. Other political parties were denied the use of halls for election meetings, and in the not infrequent disturbances which took place the police could be trusted to take the side of the Nazis.

An illustration of the Nazi methods was afforded by an incident which took place on the 12th May and which attracted the attention of Europe to the situation in the Free City. On that day Nazi storm-troopers took possession of the building which formed the headquarters of the Danzig trade unions. The police co-operated with the

¹ The functions of a Government were performed by the members of the Senate, the upper house of the Danzig Legislature (see the *Survey for 1932*, p. 372 *n.*).

² Herr Goebbels and Herr Kerrl travelled to Danzig and addressed election meetings, while Herr Hitler broadcast an address from Berlin on the eve of the poll.

Nazis, and three leading Socialists who attempted to offer resistance were arrested. The Danzig trade unions were members of the German Federation of trade unions, and the building which housed them was German property. The Nazis were able to give their *coup* a semblance of legality by the connivance of a judge of Nazi sympathies, who granted a provisional order instructing the Danzig trade-union leaders to hand over their property to a representative of the German Federation and to refrain from further independent activities.¹ This affair naturally caused the greatest indignation and excitement in the ranks of the Social Democrats, but they found themselves unable to obtain any redress. The trade-union leaders asked Monsieur Rosting, the Acting High Commissioner,² to take steps to reinstate them, but Monsieur Rosting took the line that he was not justified in intervening in a political matter which, ostensibly at least, did not infringe the law. The possibility of an appeal to Poland was said to have been discussed in Socialist circles, but an attempt to obtain Polish intervention was foredoomed to failure by the Polish attitude to the incident of the 12th May. The incident was treated with reserve in the Polish press, and the main concern of the authorities was evidently that the new prospect of improved relations with Germany should not be imperilled by developments in Danzig. At the same time the affair, and the part played in it by the police, were a reminder that political clashes in the Free City might give rise to serious international complications, in virtue of the decision of the League Council that, if disturbances should take place which were beyond the control of the police, the Polish Government would be the authority 'specially fitted to ensure the maintenance of order'.³

The elections on the 28th May passed off quietly, though there had been several clashes, especially between Nazis and Nationalists, during the preceding days.⁴ The result of the poll was to give the Nazis thirty-eight seats in the Volkstag, compared with the thirteen which they held before the dissolution. Their gains were principally at the expense of the German Nationalists, whose mandates fell from

¹ On the 22nd May the Danzig Lower Court gave judgment to the effect that the occupation of the trade-union building was in accordance with the law.

² Monsieur Rosting, a Danish national who was a member of the Secretariat of the League of Nations, had been appointed temporarily to the office of High Commissioner on the death of Count Gravina in September 1932.

³ See the *Survey for 1932*, p. 388 n.

⁴ Ascension Day, which fell on the 25th May and was observed as a public holiday, had given the opportunity for political demonstrations by all parties. The most serious disturbances took place at Zoppot, where about 200 persons were involved in a fight between Nazis and Nationalists, and there were many injuries though no loss of life.

ten to four, of the Social Democrats, whose loss of six seats left them with thirteen, and of the smaller bourgeois parties, which were eliminated altogether. The Centre Party lost one seat but retained ten, and the Communists' mandates were increased from four to five. The Poles neither lost nor gained, but retained two seats. In a Volkstag of seventy-two members, the Nazis thus had an absolute majority of four votes, but although this result gave them control of the Government it did not give them the two-thirds majority which was required for the amendment of the Constitution of the Free City.

The new Volkstag was opened on the 20th June. Two leading Nazis, Dr. Rauschning and Herr Greiser, were elected President and Vice-President of the Senate, the other members of which consisted of eight Nazis, two members of the Centre Party and one independent member. The Centre Party had agreed to support the Nazi Government on condition of their being allotted two seats in the Senate, but the Nationalist Party had rejected the conditions proposed by the Nazis for their admission into the Government, and they remained in opposition until September 1933, when the 'self-dissolution' of the party was announced.

(3) *The Nazis and Poland*

The rising power of the Nazis in Danzig was the immediate cause of the crisis which occurred in March 1933,¹ although the dispute had its roots in the more distant past. The Polish munitions depot on the Westerplatte peninsula had always been a subject of controversy,² and, since the development of the Polish port of Gdynia, the Danzigers had attempted to secure the cancellation of the Polish facilities for transporting munitions through Danzig on the ground that they were no longer necessary. If, as the Poles apparently believed, there was a danger that the Nazis might attempt to execute a *coup* in Danzig, it was not an unreasonable deduction that the seizure of the munitions depot would be one of their first objectives, and the Polish guard, which was limited to 88 men by a decision of the League Council on the 9th December, 1925, would hardly be able to resist an attack in force. Moreover, in consequence of a decision taken by the Danzig Senate on the 15th February, 1933, the Polish authorities in March 1933 could not count on the support of the harbour police in the event of a threat to Polish property in the port.

For nearly ten years the policing of the port of Danzig had been

¹ This incident has already been briefly recorded, in its general setting, on p. 187 of the *Survey for 1933*.

² See the *Survey for 1925*, vol. ii, Part II D, section (ii); the *Survey for 1932*, pp. 375, 377.

carried out by a special force placed at the disposal of the Harbour Board by the Senate. This arrangement had been recommended by the High Commissioner in a decision of the 6th June, 1923; and by an agreement of the 1st September, 1923, Danzig and Poland had undertaken to carry it out for a period of two years. On the expiration of this first period no steps had been taken to renew or to replace the agreement, but the situation had, in fact, remained unchanged. On the 15th February, 1933, however, the Senate informed the Polish representative that they were no longer disposed to tolerate a situation which, in their view, had ceased long since to have any legal basis, and that they had given instructions for the restoration of the arrangement which had been in force before the 1st September, 1923—that is, the police would no longer be responsible to the Harbour Board but would act under the directions of the Senate. In a note of the 20th February the Polish Government appeared to acquiesce, under protest, in this decision, and they proposed to the Harbour Board that a special police force consisting of Polish nationals should be organized and placed under the control of the Board.

This question of the policing of the port had not been settled when, on the 6th March, the Polish Government increased the guard of the Westerplatte munitions depot from 88 to 200 men. Under the decision of the 9th December, 1925, Poland was entitled, if the need arose, to increase the guard, but only with the prior consent of the High Commissioner. Monsieur Rosting, however, was not informed until after the event. The Polish authorities explained that they had received reliable information to the effect that a *coup* against the Westerplatte was in preparation, and they considered that the urgency of the case justified them in taking measures of defence—which, they emphasized, were of a provisional and temporary nature—without incurring the delay involved in asking for the High Commissioner's sanction. The arrival of the Polish reinforcements caused great excitement in Danzig, and for a few days feeling ran dangerously high. The police were reinforced and the municipal guard was mobilized, and the Senate issued an appeal to the population to keep calm. Whether as a result of these precautions, or in virtue of a restraining influence exercised upon the Nazis from Berlin, no untoward incidents took place during the short interval before the dispute was settled at Geneva.

The President of the Danzig Senate, Dr. Ziehm, had promptly lodged a protest with the High Commissioner against this 'direct action'¹ on the part of Poland, and Monsieur Rosting had asked

¹ 'Direct action', as defined by the League Council on the 13th March, 1925, was 'action . . . which might endanger, or prove a serious obstacle to, the

Monsieur Papee, the Polish Commissioner-General, for an assurance that the guard would be immediately reduced to the legal number. This request was met by a polite refusal, and Monsieur Papee countered the Danzig protest by asking Monsieur Rosting to declare that the Senate's action in withdrawing the harbour police from the control of the Harbour Board also constituted direct action. On the 7th March the High Commissioner communicated with the Secretariat of the League of Nations at Geneva asking that both the question of the increase in the Polish guard and the question of the harbour police should be placed on the agenda of the League Council at the earliest possible moment. The Council happened to be holding an extraordinary session to deal with the dispute between Colombia and Peru,¹ and the Danzig-Polish crisis could therefore be handled with a minimum of delay. The question was placed on the agenda for the 13th March, but the discussion was postponed for another twenty-four hours in order to give more time for efforts which the French representative, Monsieur Paul-Boncour, was making to induce the Polish Foreign Minister, Colonel Beck, to settle the matter without the Council's intervention by withdrawing the Polish reinforcements. These French efforts were finally successful, and as Dr. Ziehm, the President of the Danzig Senate, was also disposed to be conciliatory, the Council was able on the 14th March to take note of a settlement of the question of the Polish guard without considering the report on the situation which had been drawn up by the *rapporteur*, Sir John Simon. At the Council meeting Colonel Beck asked Dr. Ziehm whether 'the Senate of the Free City could guarantee that adequate measures had been taken to prevent any prejudice of the rights enjoyed by Poland on the Westerplatte Peninsula'. Dr. Ziehm replied in the affirmative, whereupon Colonel Beck announced his Government's decision 'to reduce the guard on the Westerplatte to its normal effectives without delay'. In regard to the question of the harbour police, both parties accepted the suggestion of Sir John Simon that the situation existing up to the 15th February should be restored pending the negotiation of a new agreement, though Dr. Ziehm gave

maintenance of public security in Danzig or which might jeopardize good relations between Danzig and Poland'. In January 1933 the Council had had before it the report of a committee which it had appointed in November 1932 to examine the question of 'direct action'. This committee had suggested certain amendments in the procedure for dealing with such questions, which was generally recognized to be unsatisfactory. The Council had postponed a decision in order to have time to study the committee's report, and the proposed changes in the procedure had not come into effect when the crisis of March 1933 arose.

¹ See the *Survey for 1933*, Part III, section (v).

his consent subject to the reservation that the temporary settlement proposed did not affect the legal situation. Two days later, on the 16th March, the Danzig harbour police were placed once more under the control of the Harbour Board¹ and the Polish reinforcements were withdrawn.

Thus this dangerous corner was safely turned, but the widespread anxiety lest political developments in Danzig should give rise to another crisis was not relieved until the Nazi Government in Berlin had made it known that their policy was to conciliate Poland and not to antagonize her. The trend of the new German Government's Polish policy became clear on the 3rd May, 1933, when Herr Hitler received the Polish Ambassador in Berlin and expressed his Government's desire to examine matters of common interest with Poland 'dispassionately' and 'within the framework of existing treaties'. During the next four weeks, when the election campaign was in progress at Danzig, the Nazi leaders were at pains to remove any apprehension which the Poles might feel in regard to the attitude which the Nazis would adopt when they had won their expected victory at the polls. On the 14th May Herr Forster, the Nazi 'Gauleiter' for Danzig, and Dr. Rauschning (who was already designated as the future President of the Nazi Senate) called upon Monsieur Rosting and assured him and Monsieur Papee, who was present at the interview, that the National-Socialist Party desired that friendly relations should exist between Danzig and Poland; that it was determined to respect existing treaties and Polish rights under such treaties, and to do everything possible to ensure the safety of Polish nationals and property; and that it would loyally observe the terms of the Free City's Constitution. Similar assurances were given by Herr Forster a few days later in an interview with the representative of a Warsaw newspaper, and on this occasion the Nazi leader laid special stress on the party's desire for economic co-operation with Poland and their readiness to enter into negotiations for the settlement of differences.

After the elections of the 28th May and the formation of a National-Socialist Government on the 20th June, no time was lost in implementing these promises. In the first week of July Dr. Rauschning and Herr Greiser paid an official visit to Warsaw, where they had a cordial reception. In the course of their discussions with the Polish Government it was decided that negotiations on a number of outstanding

¹ On the 23rd June, 1934, an agreement was signed regarding the organization of the harbour police which settled the relation of the police to the state authorities and to the Harbour Board for a period of three years.

questions should begin immediately; and these negotiations, which were assisted by the good offices of the High Commissioner, made such satisfactory progress that an agreement had been reached in principle by the 5th August.

The most serious of the Danzig-Polish differences which formed the subject of these negotiations was that relating to the utilization of the port of Danzig by Poland. The earlier history of this dispute, which had been growing ever more acute as the rival port of Gdynia developed towards its full capacity, has been recounted elsewhere.¹ At the time of the formation of the National-Socialist Government in Danzig, proceedings relative to the dispute were still pending before the High Commissioner. In April 1931 a committee of jurists had laid down the guiding principles that Poland was obliged to make full use of the port of Danzig, but that there was a corresponding obligation upon Danzig to ensure that Poland's interests in regard to her free access to the sea at Danzig were adequately safeguarded. In May 1932 the Council of the League had appointed another committee of experts to investigate questions of fact involved in the interpretation of the term 'full use' of the port of Danzig, and this committee, whose chairman was Monsieur Hostie (Belgium), had reported on the 14th September, 1932. The findings of the experts² supported, on the whole, the Danzigers' contention that Poland had not fulfilled her obligation to make full use of the port of Danzig. In particular, they considered that certain administrative measures which Poland had taken for the benefit of Gdynia, at Danzig's expense, had not been justified; and they also took the view that Danzig had a right to claim the monopoly in handling goods consigned to or from the Polish state, and in dealing with the Polish emigrant traffic. Their final conclusion was that an uncontrolled competition between two ports serving the same hinterland was bound, in the long run, to prove destructive, and they suggested the appointment of a joint advisory committee which might help to facilitate an equitable division of the traffic between Danzig and Gdynia.

The experts' findings had been communicated by the High Commissioner to the Governments of Poland and of Danzig, and during the winter of 1932-3 the two Governments had entered into negotiations for a settlement. These negotiations had made little or no progress before the Nazis came into power, and the conclusion of a preliminary agreement within five weeks of Dr. Rauschning's visit

¹ See the *Survey for 1932*, pp. 381 *seqq.* See also Morrow, *op. cit.*, chapter IV (3).

² See Morrow, *op. cit.*, pp. 145-53, for a summary of the experts' report.

to Warsaw was a notable achievement which testified to the existence on both sides of a genuine spirit of conciliation. In the agreement of the 5th August the Polish Government promised to take immediate steps to prevent any decrease in the sea-borne traffic passing through Danzig and to ensure as far as possible in future that the traffic should be divided equally between Danzig and Poland, taking into account the quantity and quality of the goods concerned.¹ It was also agreed that the Government of Danzig should co-operate with Poland, so far as their financial and economic capacity would allow, in the further development of Poland's sea-borne trade. In order that these general principles might be given practical effect, it was arranged that further negotiations on points of detail should take place in Warsaw without delay. By a final protocol the two Governments reserved until the 15th September, 1933, their right to ask the High Commissioner of the League to reopen the procedure pending before him.

Another important agreement which was initialled on the 5th August, 1933, related to the rights and interests of Polish nationals in Danzig. The Government of Danzig made a number of concessions, and questions which had been in dispute for years relating to such matters as educational facilities, the use of the Polish language and the right of Polish lawyers to practise in the Free City were now settled to the satisfaction of the Poles. It was arranged that if the two parties did not take advantage of the reservation in the final protocol to the agreement relative to the utilization of the port, and did not have recourse to League procedure before the 15th September, 1933, the agreement relating to the rights of Polish nationals would come into force on that date. A number of less important points, including the issue of passports through Polish consulates and the method of ratification of treaties to which Danzig was a party, were settled at the same time by an exchange of notes. The agreements of the 5th August were approved by the Danzig Senate on the 8th August, and a resolution was passed proclaiming the Senate's intention to make further efforts to promote friendly and neighbourly relations with Poland and to establish political and economic peace. During the next few weeks there were signs of a genuine *détente* between Danzig and Poland, which made itself felt in the social relations between Danzigers and Poles as well as in their business or official relations, and which was not seriously disturbed by two inci-

¹ It had been one of Danzig's principal complaints that the more profitable kinds of traffic had been diverted to Gdynia, leaving Danzig to handle the goods in bulk on which little profit could be earned.

dents which took place early in September, resulting in the death of one Polish national and the injury of two others. On the 23rd September the Polish Prime Minister, Monsieur Jedrzejewicz, visited Danzig in return for Dr. Rauschning's visit to Warsaw, and the desire of both Danzig and Poland to establish close and friendly relations was again reaffirmed.

Five days earlier, on the 18th September, 1933,¹ the negotiations relating to the utilization of the port had been brought to a successful conclusion and a protocol setting out the detailed arrangements on which agreement had been reached had been signed, together with the agreement on the treatment of Polish nationals which had been initialled on the 5th August. The protocol of the 18th September² provided that specified quantities of certain goods should be shipped through the port of Danzig during the year ending the 30th September, 1934. The quantities allocated to Danzig represented 45 per cent. of Poland's total sea-borne trade, leaving 55 per cent. for Gdynia, and it was agreed that if the trade in the goods specified were to decrease, negotiations would be entered into with a view to providing compensation for Danzig from the trade in other goods. Steps were to be taken to adapt the costs of trans-shipment in the port of Danzig in order to enable it to meet the competition of Gdynia.³ This question of costs of trans-shipment was to be examined by a permanent joint committee, which would also deal with questions relating to the development of maritime trade and co-operation between Danzig and Gdynia and which would present quarterly reports to the Governments. The Polish Government undertook that there should be no discrimination against Danzig in the matter of import permits and reduction in customs duties, and the Danzig Government promised to see that the freedom of Jewish merchants to carry on commercial activities in the Free City was in no way adversely affected or infringed. The protocol was to expire on the 30th September, 1934, unless the parties agreed to prolong it or unless the arrangement of the 5th August, 1933, had been previously denounced, when it would automatically cease to be in force.⁴

¹ The time-limit of the 15th September, mentioned in the final protocol of the 5th August, had been extended for three days by mutual agreement.

² Text in *League of Nations Official Journal*, November 1933, pp. 1542-4.

³ As from the 1st November, 1933, the Harbour Board introduced reductions ranging from 30 to 60 per cent. in the Danzig harbour dues in order to bring them into conformity with those in force at Gdynia.

⁴ The protocol was prolonged for another year in September 1934, and again in October 1935. By an agreement of the 11th October, 1935, the two parties decided to enter into negotiations for the modification of the agreement, but

The settlement of the dispute over the utilization of the port of Danzig and the conclusion of an agreement on the rights and interests of Polish nationals were communicated to the League of Nations by the High Commissioner, and the Council duly took note of them on the 23rd September. The representatives of the Free City and of Poland declared their satisfaction with the arrangement over the use of the port and their hope and intention of settling any other questions which might arise in the same spirit of conciliation. The German representative also expressed his gratification at the successful outcome of the direct negotiations between Danzig and Poland; and the Council (prematurely, as it turned out) included itself among the parties who were entitled to congratulate themselves on the inauguration of a new phase, in which happier relations between the Free City and Poland might be expected to lighten the responsibilities of the League of Nations.

The settlement of the controversy over the utilization of the port of Danzig did not mean that all the economic questions at issue between Danzig and Poland had been cleared up at one stroke. On the 1st February, 1933, the Council of the League had confirmed the decisions rendered by the High Commissioner on a series of questions relating to the customs administration,¹ but neither party was satisfied with these decisions, and there was also an unsettled dispute over the question of Danzig's share in the Polish import quotas. It was Poland's desire to see an amalgamation of the Danzig and Polish customs administrations, but a proposal that the Danzig customs should be placed under Polish control had been indignantly rejected by the Senate of the Free City in May 1932. The Polish Government had succeeded, however, in instituting a system of control by Polish inspectors over a certain number of goods imported into Poland from Danzig, and in May 1933 they issued regulations whereby no imports from Danzig were to be admitted unless they were accompanied by certificates from Polish inspectors. Before the end of the year 1933 the Polish Government had decreed new restrictions on imports of food products from Danzig, in retaliation for the prohibition of the sale in Danzig markets of certain Polish agricultural products which were said not to comply with Danzig's sanitary regulations.

In December 1933 Dr. Rauschnig paid another visit to Warsaw to keep it in force until new arrangements had been concluded. The trade through Danzig had exceeded the minimum figure fixed in the 1933 agreement, but Danzig still complained that the more profitable kinds of traffic were passing through Gdynia.

¹ See the *Survey for 1932*, pp. 390-2, for the dispute over the 'passive finishing trade'.

in order to discuss these economic difficulties, with the result that negotiations for a comprehensive settlement were set on foot early in 1934. At the beginning of May the conversations were temporarily broken off, and there was reported to be some friction over the renewal of the Polish attempt to secure the incorporation of the Danzig customs administration into that of Poland. The negotiations were soon resumed, however, and on the 6th August, 1934, a series of agreements was signed in Danzig relating to customs, import quotas, the trade in foodstuffs and agricultural produce, and veterinary regulations. These agreements removed practically all the restrictions which had been imposed on trade between Danzig and Poland. The Poles withdrew their supervision of Danzig industries and waived their claim to the complete control of the customs, but the agreements provided for the effective co-ordination of the customs administrations. Danzig gave up her right to separate import quotas and Poland guaranteed that she should enjoy a specified share of the Polish quotas. Danzig was to have her own Chamber of Overseas Trade, which would be on an equal footing with the Polish Chambers of Commerce. Danzig retained the right to a protective tariff on the Free City's agricultural produce, but undertook to accept contingents of Polish products. On the whole, the agreements were considered to work out more to the advantage of Poland than to that of Danzig, and they were regarded as a proof of the desire of Germany to retain the friendship of Poland (especially at a time when Berlin was looking to Warsaw to support Germany's opposition to the Litvinov-Barthou project for an Eastern Pact),¹ and of the ability of the National-Socialist Government to enforce any sacrifices which were necessary for the attainment of this end.

For nearly a year after the conclusion of these economic agreements the relations between Danzig and Poland followed an uneventful course,² but in June 1935 a serious crisis arose. This had its origin in the financial straits to which the Free City had by that time been reduced.³ The agreement with Poland over the utilization of the port had checked Danzig's rapid descent of the road to ruin, but it had not sufficed to restore prosperity, and the Free City's finances could

¹ See the present volume, section (iv) of this part.

² In January 1935, when Herr Greiser, who had recently succeeded Dr. Rauschning as President of the Senate, paid his first visit to Warsaw, the Polish press took occasion to complain that the terms of the agreement of the 18th September, 1933, for the protection of Polish interests had not been carried out to Polish satisfaction and that there was room for improvement, especially in the educational sphere.

³ For a review of Danzig's financial position see Morrow, *op. cit.*, Appendix I.

not stand the strain of the National-Socialist Government's policy. As soon as the Nazis had gained control over the administration they had launched an ambitious programme of public works, and their dismissal of a number of officials who did not share their views involved additional expenditure on the payment of pensions. For over a year the Senate managed to make both ends meet with the aid of German subsidies (which were said to have amounted to as much as 30,000,000 Reichsmark during the period June 1933 to August 1934—a period in which Germany was in default in her payments on foreign loans).¹ By the autumn of 1934 Germany's exchange position had deteriorated to an extent which made it impossible for her to continue these payments to Danzig. The Danzig Senate then proposed the devaluation of the gulden, but the German Government discouraged them from adopting this means of extricating themselves from their difficulties, on the ground that it might have serious political consequences. The Senate therefore fell back on such measures as the reduction of official salaries and the postponement of public works schemes, but these economies only served to stave off the crisis for a few months. During the spring of 1935 there was a serious increase in unemployment in the Free City, which meant a further drain on the Government's resources, and heavy expenditure was also incurred in connexion with the elections which took place in April.² On the 1st May the Senate came to the conclusion that devaluation could no longer be deferred.

On the 2nd May the gulden was devalued by 42·37 per cent. The new gold parity of 5·924 brought the currency of Danzig to the level of the Polish zloty, and devaluation was therefore likely to help the port in its competition with Gdynia, though at the sacrifice of Danzig's higher standard of living. The Senate's decision was received with deep anxiety by the population of the Free City; and, though the situation was temporarily eased by measures which were taken to control prices, by the beginning of June the general uneasiness had developed into panic—largely, apparently, as the result of rumours that at the end of April certain highly placed Nazis had used their knowledge of the impending devaluation of the currency for their personal profit, and that a further devaluation was now contemplated. A 'flight from the gulden' was the immediate consequence of these rumours, and on the 4th June banks and stock exchanges were closed in order to check the movement. This measure put traders in acute difficulties and did not stop the panic. On the 11th June

¹ See the *Survey for 1933*, Part I, section (ii) (g); the *Survey for 1934*, Part I, section (iv).

² See pp. 232-4, below.

the Senate issued a decree introducing control of foreign exchange and defining the conditions on which foreign money could be acquired. This decree at once brought them into conflict with the Polish Government.

The Senate had not consulted the Polish authorities before deciding on devaluation, and this omission aroused a good deal of resentment in Poland, since the lowering of costs in Danzig was calculated to have an adverse effect upon the prosperity of Gdynia. Nevertheless, during the crisis at the beginning of June, Polish banks supported the gulden, and the Polish Government offered to guarantee the Danzig currency. They made it a condition, however, that the Free City's finances should be placed under the control of a Polish commissioner, and this condition was too damaging to Nazi prestige to find acceptance. The institution of foreign exchange control on the 11th June seriously affected Polish interests¹ and gave rise to an immediate protest from the Polish Government. Negotiations on the subject were entered into but produced no result, and the Danzig Senate rejected the Polish proposal that the zloty should replace the gulden as Danzig's currency. The exchange restrictions were modified on the 17th July, but the amendments did not satisfy Poland, and on the 18th July the Government at Warsaw took reprisals.

On that day the Polish Minister of Finance issued an order to the effect that goods imported through Danzig (except those destined for consumption or for use in the territory of the Free City) could be released from the customs only by the Polish customs administration in Polish territory. This decree was designed to deprive Danzig of her share of the Polish import trade, and Herr Greiser, the President of the Danzig Senate, presented a strong protest to Poland. The Polish Government replied by a counter-protest against the refusal of the Danzig customs administration, on the Senate's orders, to execute the Polish regulations. In this exchange either side accused the other of ignoring treaty obligations, and the next development was a flagrant breach of treaty on Danzig's part. On the 1st August Herr Greiser, acting in virtue of plenary powers which had been conferred on him by the Senate, ordered that foodstuffs and other necessities should be admitted from Germany duty-free.

This decree was virtually equivalent to the unilateral denunciation of the customs union between Danzig and Poland and the entry of

¹ The restrictions resulted in considerable delays in the transfer of Polish customs receipts, in the virtual impounding of some 60,000,000 zlotys, and in the dislocation of the Polish trade conducted through Danzig merchants and bankers.

Danzig into a customs union with Germany. It aroused the strongest indignation in Poland and widespread anxiety lest this move should be followed by others which would present Europe with the *fait accompli* of Danzig as a part of the Third Reich. Fortunately the Nazi leaders in Danzig had gone too fast and too far, not only for the majority of their fellow citizens, but also for Berlin. The decree of the 1st August had been accompanied by an offer to negotiate for a settlement with Poland, but the Polish Government refused to enter upon negotiations until the customs frontier had been re-established between East Prussia and Danzig, and threatened future reprisals if their demand for the restoration of the *status quo* were not met; and although Herr Greiser stood out for a week he capitulated in the end on the advice of Berlin. The Polish Government were anxious that their good relations with Germany should not suffer, and the comments of the Polish press had shown restraint throughout the crisis. Moreover, both sides found a motive for coming to terms in their desire to avoid the intervention of the League of Nations. On the 9th August¹ an agreement was reached by which Danzig withdrew the decree of the 1st August and Poland withdrew the regulations of the 18th July. The Danzig currency restrictions remained in force, but it was agreed that the customs duties on goods consigned to Poland should be collected in the Free City in zlotys instead of in gulden.

It was also arranged that further discussions on the currency question should take place without delay. These negotiations were opened on the 19th August, and on the 11th October a protocol was signed.² This removed the restrictions on dealings in Polish currency and ensured that the Danzig currency regulations would not be used for purposes of discrimination against Poland.

A month later a prospect of closer economic co-operation between Danzig and Poland was opened up by the provision which was made for the participation of the Free City in the benefits accruing from a commercial treaty which was concluded between Germany and Poland on the 4th November, 1935.³ Danzig notified her accession to this treaty at the time of signature, and it came into force provisionally on the 20th November.

¹ Two days earlier, on the 7th August, a protocol had been signed prolonging for three years the agreement of the 13th August, 1932, relating to Poland's use of Danzig as a *port d'attache* (see the *Survey for 1932*, pp. 377, 382-3).

² A second protocol, signed on the same day, provided for the prolongation of the agreement relating to the utilization of the port of Danzig and for negotiations for the revision of the agreement (see footnote on p. 221, above).

³ See p. 205, above.

Thus by the end of the year 1935 the tension between Danzig and Poland which had arisen out of the currency crisis had relaxed again, and the relatively happy relations which had been inaugurated under the Nazi régime appeared to have been restored.

(4) *The Nazis, the Constitution and the League of Nations*

The National-Socialist Party had not been in power in the Free City for many weeks before it became clear that the Nazi leaders interpreted their pledge to observe the Constitution¹ in a manner which gave them a good deal of latitude. The more violent methods of wholesale compulsion which were used to break the opposition in Germany were avoided in the Free City, and no official boycott of Jews was proclaimed;² but members of the Opposition and Jews alike were subjected to what was known as a 'dry terror'. Discrimination against Jews and against individuals whose political views were displeasing to the Nazis was carried to serious lengths, and there were instances of the arbitrary arrest and imprisonment of leading members of the Opposition. Severe restrictions were also imposed upon the free expression of opinion (which was guaranteed by the Constitution) and these restrictions were applied against all who ventured to criticize the proceedings of the Nazis, including members of the Centre Party which nominally supported the Government.

For some five months after the Nazis came into power, the High Commissioner of the League of Nations refrained from bringing complaints of Nazi oppression to the notice of the League, on the ground that the internal political situation of the Free City was not the concern of Geneva, but in the autumn of 1933 the position became so serious that Monsieur Rosting³ found himself obliged to put the case before the Council of the League. On the 31st October,

¹ See p. 218, above.

² Before the elections of May 1933 there had been several instances of assaults on Jews, and a boycott had been threatened.

³ Monsieur Rosting's temporary mandate as High Commissioner expired in the middle of October 1933, but there was some delay in the appointment of his successor. Mr. Sean Lester (Irish Free State) was the candidate favoured by most members of the Council, but the Polish Government opposed his appointment. The Polish objections were based upon a preference for a High Commissioner who was a national of a small neutral state, and upon the argument that Mr. Lester, as a national of a state member of the British Empire, was the representative of a Great Power. These objections were finally waived on the persuasion of the French delegate—who had, perhaps, a more accurate idea of the position of the Irish Free State in relation to the British Commonwealth—and Mr. Lester was finally appointed on the 26th October, 1933, but he did not enter upon his functions until January 1934, and Monsieur Rosting continued in office during the interim period.

1933, Herr Greiser, who was at that time Vice-President of the Senate and Minister for the Interior, delivered a speech to the Danzig police organizations, certain passages of which were of a nature to cast grave doubt upon the Senate's attitude towards their obligations under the Constitution. Herr Greiser told his listeners that a police official who did not definitely accept the National-Socialist state would never hold office under him; that there was no longer any room in Danzig for parties or for members of the Socialist, Centre or German National Groups; that supporters of the Centre Party were enemies of the National-Socialist state and were therefore no longer wanted in the civil service; and that the police were bound to take a stand against all enemies of the state. When these utterances came to Monsieur Rosting's notice, he asked the President of the Senate for a definition of his views on the questions raised, in the light of the provisions of the Constitution which assured to the inhabitants of the Free City freedom of political opinion and freedom of association. Dr. Rauschning's reply was a more moderate exposition of the Nazi case that political parties were not compatible with National-Socialist ideas of the organization of the state, and that the Government must be able to place complete trust in the members of the police force. He declared, however, that Herr Greiser's speech had not been intended to dispute the validity of any article of the Constitution.

Two Danzig journals—the *Danziger Landeszeitung*, the organ of the Centre Party, and the *Danziger Volksstimme*, the Socialist newspaper—were suspended for publishing reports of Herr Greiser's speech and comments on it. This action was taken in virtue of a law of the 24th June, 1933, which had conferred full powers upon the Senate and given it the right to suspend periodicals if their contents endangered public order and security. The editors of the journals in question protested to Monsieur Rosting, whereupon they were arrested on the ground that they had endangered the safety of the state by addressing a petition to the High Commissioner before they had exhausted the legal remedies open to them. Representations made by Monsieur Rosting to Dr. Rauschning produced no effect, and on the 4th November Monsieur Rosting referred the matter to the League of Nations.

The question did not come before the Council of the League until the 18th January, 1934, and in the interval the suspended journals had been permitted to resume publication and their editors had been set at liberty. In these circumstances the Council was not called upon to take steps to secure the redress of the petitioners' grievances,

and its action was limited to the adoption of a report by its *rappporteur*, Sir John Simon, dealing with the general principles involved. Sir John Simon pointed out that the League's guarantee of the Constitution implied that the Council had the right and the duty to satisfy itself in general that the constitutional life of the Free City was in keeping with the Constitution, and that the Council must remain sole judge of its own action in every new case that might be submitted to it. The report took note of Dr. Rauschning's statement that Herr Greiser, in his speech of the 31st October, 1933, had not intended to dispute the validity of the articles of the Constitution relating to freedom of political opinion and freedom of association, and the Council received another verbal assurance from Dr. Rauschning that any legislative or administrative measures which the Senate might take would be within the limits of the Constitution. In regard to the suspension of newspapers, Sir John Simon gave it as his opinion in his report that the terms of the Constitution did not prevent the competent authorities from taking such measures in the interests of public safety, but he refrained from expressing any view as to whether the suspension had been justified in the case in question. In the course of the discussion he explained that, in his judgment, the penalization of a newspaper on account of any opinion that it had expressed would be a breach of the Constitution. In regard to the rights of petitioners, the report adopted by the Council dissented from the view that a petitioner must be debarred from approaching the High Commissioner until he had exhausted all possible legal remedies, but it suggested that the High Commissioner, in judging the value of petitions, might take into account the question whether all other legal remedies had in fact been exhausted.

The principal value of the Council's decision of the 18th January, 1934, was that it made clear to both the Nazis and the Opposition in Danzig that the Council would only disinterest itself in the internal politics of the Free City so long as they involved no breaches of the Constitution. This knowledge did appear for some months to exercise a certain restraining influence upon the Danzig Nazis, and at the end of 1934 the High Commissioner reported to the League of Nations that in a number of cases the Senate had reconsidered legislative or administrative acts as a result of doubts which he had expressed as to their conformity with the Constitution. The Senate continued, however, to take action in the interests of National Socialism which was regarded by members of the non-Nazi minority as infringing the rights conferred on them by the Constitution, and in such cases the

minority took advantage of the freedom to present petitions to the High Commissioner which it retained in virtue of the Council's decision of the 18th January, 1934. The protests during 1934 came for the most part from Catholic circles, whose grievances were concerned not only with the attempts of the National Socialists to deny them political liberty but still more with their efforts to establish their hold over the children and young people of the Free City. Thanks to the League's guarantee of the Constitution, the Catholics of Danzig, in their struggle to prevent the Nazification of their children, had resources which were not at the disposal of their co-religionists in the Reich.

During their first twelve months of office the Nazi Government in Danzig enacted a series of measures designed to give the uniformed associations belonging to the National-Socialist Party a position of monopoly in the Free City. On the 24th June, 1933, the Volkstag had passed a law, known as the Enabling Law, which gave the Senate wider powers and authorized it to issue decrees having the force of law. The National-Socialist majority took full advantage of these provisions in order to strengthen their position. By an ordinance of the 30th June, 1933, amending Article 132 (*a*) of the criminal code, members of political associations which had not been recognized by the Senate were threatened with punishment, and the only associations to which the Senate accorded recognition were those of the National Socialists. Another ordinance of the 10th October, 1933, for the protection of the good name of national associations, provided special measures of protection for National-Socialist associations—which, in effect, placed them above the law—and denied such protection to other associations; and an amendment to this law, dated the 6th March, 1934, provided for the punishment of persons manufacturing and selling without authorization the uniforms or distinctive badges of an association supporting the Government. By a decree of the 12th March, 1934, school children were forbidden to join any associations having other than exclusively scholastic objects except the National-Socialist Youth Organizations; and by a legislative decree of the 4th April, 1934, the wearing in public of uniform denoting membership of an association or union was prohibited except for Nazis.

A protest against the effect of certain of these measures on the Catholic Youth Associations was presented to the High Commissioner on the 30th August, 1934, on behalf of the Catholic Parish Priests of Danzig, and in the following December the Centre Party lodged another protest in which the Nazis were accused of suppressing the

activities of non-Nazi associations and also of having adopted non-constitutional means to secure a victory in recent communal elections. The elections in question had taken place in two rural districts on the 18th November. The Socialists and the Catholics declared that the substantial increase in the Nazi vote¹ had been obtained by intimidation, and the Centre Party, in their petition to Mr. Lester, stated that the experiences of the campaign had shown that 'as the result of moral and economic pressure, numerous supporters of the Centre Party' dared 'not work on its behalf or attend its election meetings, through fear of material or moral injury'.

The petition from the Catholic clergy was referred by Mr. Lester to the League Council on the 10th December, and on the 7th January, 1935, he notified the Council that he had also received a petition from the Centre Party covering some of the same ground. When the Council dealt with the question on the 18th January, negotiations which had been opened between the Senate and the Catholic clergy were still in progress, and similar negotiations were pending between the Senate and the Centre Party. The Council therefore decided to postpone its consideration of the petitions until its next session, in the hope that an agreement might be reached locally. At the same time Mr. Eden, who was acting as *rapporteur*, drew attention to the fact that Mr. Lester's general report to the Council on the position in Danzig during the year 1934 had referred to 'certain difficulties' which he had encountered 'in connexion with the state of domestic politics' and to 'certain tendencies observable in legislation and administration which did not always seem to him to be in harmony with the letter or the spirit of the Constitution'. Mr. Lester had also forwarded to the Council the text of New Year messages which had been addressed to the people of Danzig by the President² and other members of the Senate, and which seemed to

¹ The Nazis obtained 81 per cent. of the votes in one district and 77 per cent. in the other. Thus their victory was by no means as complete as that which the Nazis in Germany had secured in their referendum of the 19th August, 1934.

² Dr. Rauschning had resigned the Presidency in November in consequence of differences of opinion with the Nazi leader, Herr Forster, on financial and other matters. Dr. Rauschning, though a National Socialist, held relatively moderate views, but his successor, Herr Greiser, had shown during his Vice-Presidency that he belonged to the fanatical and intransigent school. The change also gave more power to Herr Forster, who was a member of the German Reichstag and a Prussian Councillor of State as well as 'Gauleiter' for Danzig. Herr Forster was described by the High Commissioner in his annual report for the year 1935 (*League of Nations Official Journal*, February 1936, pp. 202-12) as 'an extremely enthusiastic, not to say fanatical, National Socialist who believed that all people of German race or culture must also be

Mr. Eden 'to indicate the possibility of developments which it would be difficult to reconcile with the special international status of the Free City and with the Constitution'. The *rapporteur* therefore recommended that the Council should place on record its expectation that the assurances which had been given from time to time of the loyalty of the Senate to the Constitution would be 'fully and faithfully observed'. Before the Council adopted Mr. Eden's report, Herr Greiser, who was present as representative of the Free City, declared that the National-Socialist Government 'had at all times most scrupulously observed the letter and spirit of the Free City's Constitution, although it had often been difficult to achieve, within the limits of that Constitution, the aims desired by the very large majority of the inhabitants'; and he gave the required assurance that the Government would continue 'to consider that it was its natural duty to respect the Constitution of Danzig guaranteed by the League'.

The interval between the Council's session in January and its next session in May, when the Catholic petitions were due to come up for consideration again, was a time of great political tension in Danzig, and events took place which cast doubt upon the validity of Herr Greiser's assertion that 'the very large majority' of the citizens of Danzig desired to see the fulfilment of National-Socialist aims. In February 1935 Herr Greiser and his colleagues broke off the negotiations with the Catholics and the Centre Party, and on the 23rd February they dissolved the Volkstag. The object of this move was to reap the harvest of the recent Nazi success in the Saar plebiscite.¹ The Nazis hoped that, by holding an election before the elation over the reunion of the Saar with Germany by an overwhelming majority had time to subside, they would be sure of an equally sweeping victory at Danzig, which would demonstrate to the world that the Danzigers' allegiance to Germany had become transmuted into a whole-hearted devotion to National Socialism. They counted confidently on a majority which would enable them National Socialists and, whatever the circumstances, should give unquestioned obedience to the leader of his party in Germany'. Mr. Lester gave extracts in the same report from speeches made by Herr Forster during the year as illustrations of his intransigence. He also referred to an allegation that, just before Dr. Rauschning's resignation in November 1934, Herr Forster had presented him with a series of demands calling for the suppression for a long period of Opposition newspapers, the dissolution of the Opposition parties and their organizations and the imprisonment of Catholic priests against whom the Nazis had evidence. In June 1933 the President of the Senate had informed the High Commissioner that Herr Forster exercised no influence upon the conduct of the Government, and this assurance was repeated by Herr Greiser in October 1934.

¹ See the *Survey for 1934*, Part III E.

to take the first steps towards the removal of those articles of the Constitution which hampered their activities, and they also reckoned that in the patriotic fervour of an election campaign the attention of the public would be diverted for a time from the financial difficulties with which the Free City was contending.¹ By adopting 'Back to the Reich' as their principal slogan the Nazis ran the risk of alienating Polish opinion, in the hope of rallying all the patriotic German inhabitants of the Free City to their support.

The results of the election were extremely disappointing to the Nazis. During their two years of office they had had time to perfect the party machine, and in their conduct of the campaign they made the fullest possible use of mass propaganda, speeches by Nazi leaders from the Reich,² intimidation, censorship of the Opposition press, prohibition of Opposition meetings and all the other means by which a party in power could influence voters; nor did they stop short, on occasion, of actual violence.³ Their opponents, however, were fully alive to the fate which would overtake them if once the Nazis were in a position to abolish the guarantees of political liberty which the Constitution afforded, and they therefore made a supreme and successful effort to prevent the National-Socialist Party from attaining the two-thirds majority in the Volkstag which they required in order to win the right to make constitutional changes.⁴ The attitude of the Catholics and Socialists of the Free City refuted the Nazi tenet that National Socialism and German patriotism were synonymous terms; and the fact that the non-Nazi parties were able, in virtue of the special international status of the Free City, to make a stand against heavy odds threw a significant light on the degree of pressure which must have been exercised in the Reich in order to produce the enormous majorities for the Government in the plebiscites of November 1933 and August 1934.⁵

When polling took place on the 7th April, 139,400 votes were cast

¹ See pp. 223-4, above.

² Among the special speakers from Germany were General Göring, Dr. Goebbels and Herr Streicher.

³ For instance, thirteen Socialists and nine others were injured in an attack on a Socialist meeting at Zoppot at the end of March.

⁴ The Constitution could only be amended with the approval of the Council of the League of Nations, so that a two-thirds majority in the Volkstag would not have enabled the Nazis to make fundamental changes without further ado. At the same time, it might have been difficult for the Council to refuse to give its consent to amendments if they had been put forward with the ostensible support of a large majority of the population of the Free City.

⁵ This bearing of the Danzig election results in April 1935 upon the value of the figures obtained in Herr Hitler's periodical plebiscites in the Reich was assuredly not lost upon Herr Hitler himself, who evidently took quite seriously

for the Nazis, representing about 60 per cent. of the electorate, compared with just over 50 per cent. in the 1933 elections. This raised the number of their seats in the Volkstag from thirty-eight to forty-three. The Centre Party retained all their ten seats and the Socialists lost only one of their thirteen seats—a surprising result in view of the fact that they had been the principal victims of the Nazis' terrorist methods and that their journal, the *Volksstimme*, had been repeatedly suppressed. The Communists' mandates fell from five to two, and those of the German Nationalists from four to three. The Poles retained their two seats. These results, moreover, did not represent the final state of parties in the Volkstag. The Opposition parties claimed that the elections were not valid, because of the illegal methods adopted by the Nazis, and because the conditions under which the elections were held were affected by laws which the Opposition considered unconstitutional, and in regard to which there were proceedings pending before the League of Nations at the time when the elections were decided on. The Supreme Court of Danzig decided in November 1935 that irregularities in the conduct of the elections had been proved, especially in rural districts; and it ruled that 3 per cent. of the votes cast for the Nazis in the city and 10 per cent. in the rural districts were to be deducted. In December 1935 the Electoral Commission, on the basis of the Court's decision, reduced the Nazis' seats to thirty-nine,¹ and allocated additional mandates to the Social Democrats and to the Centre Party—thus giving both these parties a larger number of mandates than they had held before the elections.

The disillusionment which the election results brought to the National Socialists in Germany, as well as in Danzig, was indicated by an absence of comment in the German press, which was in striking contrast with the place accorded to Danzig's affairs in the news and in leading articles while the election campaign was in progress. The Opposition in Danzig, on the other hand, took fresh heart from its moral victory, and, during the financial crisis which came to a head

the outcome of such votes—even when the canvassing and polling had been 'queered' by the application of the Nazi leader's own drastic methods of 'direct action'. There are grounds for believing that the disappointment of Nazi hopes at Danzig on this occasion angered Herr Hitler to a degree which, to an outside observer, would seem disproportionate to the intrinsic importance of the affair.

¹ See the Annual Report of the High Commissioner for the year 1935 (*League of Nations Official Journal*, February 1936, pp. 202-12). Mr. Lester reported that 'in the final results . . . the National-Socialist Party gained an increase in their representation of one seat with about 57·3 per cent. of the votes polled (128,619 out of 224,442 votes)'.

in the early summer,¹ many of the Nazis' supporters who suffered from the results of their financial policy went over to the opposite camp. In June the Government were unable to obtain the necessary two-thirds majority for the economy measures which they introduced to meet the crisis,² and there were anti-Nazi demonstrations.³ The repeated attempts which were made by Catholics, Socialists and German Nationalists from April 1935 onwards to have the elections declared invalid or to obtain a dissolution of the Volkstag by other means⁴ reflected their belief that if new elections were held the Nazis would be reduced to a minority in the Volkstag.

The instability of the Nazis' position after the elections of April 1935 did not make them any more scrupulous in the observance of their pledges to keep their legislative and administrative acts within the limits of the Constitution. In his report on the year 1935, the League's High Commissioner remarked that 'the exhortations of the Council' and his own 'unintermittent efforts' had not 'prevented the application of an anti-constitutional policy in a steadily increasing degree', and that 'each meeting of the Council' during the year had been 'followed by an intensification of the policy which had been deplored by the Council'.

¹ See p. 224, above.

² Herr Greiser then announced that the Government would take the necessary measures without the support of the Volkstag. One economy which aroused strong opposition was the drafting of unemployed men into labour camps in Germany. Towards the end of July it was announced that of 2,000 men sent to labour camps only 400 had remained in the territory of the Free City. Moreover, approximately 5,800 pensioners of all kinds were 'invited' by the Senate to transfer their domicile to Germany. At the end of November the President of the Senate announced that only about a third of the total number had complied with the invitation, and he remarked that it was 'hardly likely that the 4,000 pensioners still on Free City territory' would be able to remain there. He warned them to be prepared for a renewal of the invitation to change their domicile, on less favourable terms.

³ A number of Socialists were arrested for taking part in such demonstrations. At the beginning of July sixteen persons were arrested on the ground that they were attempting to carry on the activities of the Communist Party, which had been prohibited; and seven prominent citizens were arrested at the same time on the charge of carrying on political activities antagonistic to the state.

⁴ The Constitution provided that the Volkstag might be dissolved by its own decision or by a referendum. An attempt made by the Opposition to obtain the support necessary for a referendum was abandoned owing to the difficulties and delays of this course, and in December 1935, after the Supreme Court had given its verdict on the validity of the elections, the Social Democrats, Centre Party and German Nationalists presented a combined petition to the League of Nations urging that the elections should be declared invalid. This petition was on the agenda of the Council at its session in January 1936, but in view of the Supreme Court's judgment the Council did not examine the substance of the petition.

In May 1935 the Council took up again the question of the Catholic petitions, consideration of which had been postponed in January in order to give time for direct negotiations. These negotiations, as has been mentioned, had been broken off by the Senate, and the Council was therefore obliged to take cognizance of the petitioners' complaints. The Council also had to deal with another petition from the Centre Party relating to incidents which had occurred during the campaign for the Volkstag elections; with petitions from two Jewish associations, declaring that, in spite of official assertions to the contrary, and in spite of the provisions of the Constitution and of the treaties with Poland, the Jews in Danzig were being subjected to an increasingly severe boycott (the petitions gave numerous examples of discrimination, and of the application of laws and decrees of the Senate to the detriment of the Jewish community); and with a petition from the directors of the *Danziger Volksstimme* against repeated suspensions of that journal, culminating in its prohibition for a period of five months from the 10th April, 1935. All these petitions raised legal questions of some complexity, and the Council therefore decided on the 25th May, on the recommendation of its *rapporteur*, Mr. Eden, to appoint a small committee of jurists to examine the petitions and the observations of the Danzig Senate on them and to report to the Council whether the legislative and administrative acts of which the petitioners complained represented violations of the Constitution or not. Herr Greiser undertook that if the Council, on receipt of the committee's report, should decide that the Constitution had been infringed, the Senate would modify its opinion on the basis of the Council's interpretation and would take appropriate measures.

In addition to these petitions, the Council had to consider a communication from the High Commissioner on the subject of certain references to his functions which had been made by Herr Greiser in the course of an election speech on the 24th March. Herr Greiser had declared that the Opposition in Danzig was disturbing the work of the Government by constant complaints to the League, that the High Commissioner appeared to take a different view of his task from that held by the population of the Free City—who considered that his only function was to act as arbitrator between Danzig and Poland—and that his relations with 'bankrupt parties' who ought to have bowed to the will of the majority constantly improved at the expense of his relations with the Government.¹ Mr. Lester's request for an explana-

¹ The Nazis' attitude in regard to the High Commissioner's relations with persons and bodies who did not share their views was illustrated by an

tion of these statements had not produced a satisfactory answer, and Herr Greiser had maintained that in the Senate's view the High Commissioner's 'chief duty' lay 'in the settlement of disputes between Danzig and Poland' and that 'the protection of the Danzig Constitution' had been entrusted to the League mainly for the purpose of ensuring that Poland enjoyed free access to the sea.

On the 24th May the Council adopted a report, prepared by Mr. Eden, on this question of the functions attributed to the League of Nations and its High Commissioner by the treaties relating to Danzig. This report reaffirmed previous definitions by the Council of the functions of the League and the competence of the High Commissioner, and rejected the Senate's interpretation which sought to limit the scope of the League's guarantee of the Constitution. It also declared that citizens of Danzig who exercised their right to approach the League could not be accused of disloyalty to the Free City, denied that there had been any abuse of the right of petition, and left it to the discretion of the High Commissioner to see that no such abuse occurred in future. The report also placed on record the Council's entire confidence in the High Commissioner and its refusal to accept any criticism of the manner in which he had carried out his duties.

Herr Greiser could do nothing but acquiesce in the Council's condemnation of his attack on the High Commissioner. He declared that he was 'able fully to associate himself with the *rapporteur's* objective and impartial view of the question', and he attempted to pass his speech off as 'an expression of popular opinion' which 'did not in any way prejudice the legal situation of the High Commissioner'.

The committee of jurists appointed by the Council on the 25th May reported on the 26th July, 1935. They were of opinion that the Constitution had unquestionably been infringed by the amendment to the criminal code providing for the punishment of members of incident which took place at the beginning of September 1935. The German cruiser *Admiral Scheer* was paying a three-days' visit to Danzig, and the High Commissioner gave a reception for the German naval officers. Herr Greiser and other leading Nazis accepted invitations to be present, but when they found that the guests also included Dr. Rauschning—the former President of the Senate—and several members of Opposition parties, they promptly took their leave. A statement to the effect that the German officers had also withdrawn on account of the presence of Dr. Rauschning was contradicted by Mr. Lester, who denied that the officers had been in any way implicated. The sequel to this incident in June 1936—when the cruiser *Leipzig* was in Danzig waters, and the German commanding officer refrained, on instructions from Berlin, from paying the customary visit of courtesy to the High Commissioner—will be dealt with in a subsequent volume.

political associations not approved by the Senate; by the decree of the 10th October, 1933, relating to the protection of the good name of national associations; by the amendment to that decree of the 6th March, 1934, relating to the unauthorized manufacture or sale of uniforms or badges; by the decree of the 4th April, 1934, relating to the wearing of uniform; and by the prohibition of the *Danziger Volksstimme*. They expressed doubt as to the spirit in which certain other decree-laws had been applied. The decree of the 4th March, 1934, concerning school children's membership of associations fell into this category, as did two other decrees relating to institution of representation for teachers and for officials and a number of administrative measures which had been taken against the Jews. In regard to certain of the detailed complaints put forward by the Jews, the committee explained that only an inquiry on the spot would enable the truth of the allegations made to be tested, but on the information available they formed the judgment that the situation of the Jewish community was undeniably serious. This judgment was borne out by the fact that two days after the committee had concluded its task an anti-Jewish demonstration took place in Danzig and Zoppot, when S.A. and S.S. men paraded the streets in motor-lorries in order to give the population 'a lesson in Jew-baiting'.

The report of the committee of jurists was considered by the Council of the League on the 23rd September, 1935—Mr. Eden acting once more as *rapporteur*. On the 14th September the Senate of the Free City had asked the Council to dissent from the jurists' finding that the decrees relating to the protection of the good name of national associations and to the wearing of uniform violated the Constitution. The ground for this request was that the Supreme Court of the Free City had given judgments upholding the compatibility of these decrees with the Constitution. Mr. Eden pointed out, however, that while the Council had no desire to become a Court of Appeal from the Danzig Courts, and while it accorded to the Courts the respect and authority due to them, it 'could not be prevented by a decision of any organ of the Free City, whether judicial, legislative or executive, from intervening in cases where it' considered 'such intervention to be necessitated by a breach of the Constitution'. The Council accordingly endorsed the jurists' opinions and recommended that the Senate should 'take the necessary measures to remedy the situation . . . by bringing the legislation of the Free City into conformity with the Constitution . . . and by ensuring in future the strict observance of the principles of the Constitution in the application of the laws'. Moreover, the Council asked the President of the

Senate to report to it at its next session on the action which the Senate had taken in accordance with the Council's recommendation.

At the same meeting the Council had before it a petition from two employees of the municipality of Danzig who had been dismissed on account of their political opinions. Appeals by both petitioners against their dismissal had been rejected by the Supreme Court of Danzig, but in a subsequent judgment the Court had laid down the principle that dismissal on political grounds was only permissible if the employee concerned had engaged in subversive activities. The Council associated itself with this principle, which, in its view, established the unconstitutional nature of the dismissal of the two petitioners, and requested the Senate to remedy the prejudice caused to them and to other employees who had been dismissed in similar circumstances. It pointed out at the same time that such questions ought to be dealt with locally and not brought to Geneva for settlement. Herr Greiser expressed his concurrence with the view that the Council ought not to be troubled with minor points of this kind.

The Council also dealt with a petition presented jointly by the German National, Social Democrat and Centre Parties—three parties whose political ideas normally had little in common. They appealed against amendments to the penal code and the code of penal procedure which had been introduced by two decrees of the 29th August, 1935. These decrees effected a revolution in the Free City's penal law. Hitherto the principle *nulla poena sine lege* had been applicable in Danzig, but the new amendments rendered punishable any person who committed an act 'deserving of penalty according to the fundamental conceptions of a penal law and healthy national consciousness'. The *rapporteur* was doubtful whether decrees which removed 'all fixed boundaries between what is and what is not a penal offence' could be 'consistent with the numerous provisions of the Constitution of Danzig which create fundamental rights, the enjoyment of which may not be restricted, infringed or punished, except in virtue of a law'; and at his suggestion the Council decided to ask the Permanent Court of International Justice to give an advisory opinion on the question of the compatibility of the decrees of the 29th August with the Constitution.

Herr Greiser undertook to submit the Council's decisions to the Senate for any necessary action, but his speech struck a note of intransigence which proved only too accurate an indication of the attitude of the Senate towards the Council's recommendations. During the last three months of the year 1935 the Government of

the Free City disregarded completely the Council's decision that the restrictions which had been placed on the free expression of opinion through the medium of the press were unconstitutional. The *Danziger Volksstimme* was suppressed again on the 11th October—this time for a month; the *Volkszeitung*, a Centre Party journal, was suppressed for four months on the 13th December; and the *Nationale Zeitung* (German National Party) was suppressed for five months on the 26th November. Other less important newspapers were accorded similar treatment. The High Commissioner declared in his annual report that, 'without taking the position that all these suppressions were equally unjustified, the situation of the public press in Danzig in relation to its reasonable constitutional rights' could 'only be described as entirely unsatisfactory'. Another act to which the High Commissioner drew special attention was the abolition of the only non-Nazi trade union which had survived in Danzig, the General Association of Workers (*Allgemeiner Arbeiterverband*). This association had been prohibited in 1934, but an appeal to the local courts had resulted in a verdict in its favour, and it had been allowed to resume its activities. Its weekly journal, *Die Arbeit*, was seized twice in November 1935, and on the 7th December the Police President announced that the entire organization would be abolished at once, on account of articles which had appeared in *Die Arbeit*.¹

The Council's recommendation that the Senate should take measures to bring into conformity with the Constitution the legislation which the Council had declared, on the advice of the jurists' committee, to be unconstitutional, was also treated with scant respect. Three of the four legislative acts in question² were indeed cancelled or amended. Article 132 (a) of the penal code, providing for the punishment of persons belonging to political associations not approved by the Government, was abrogated; and amendments were introduced to the decrees of the 6th March, 1934, and the 4th April, 1934, relating respectively to the manufacture of uniforms and badges and to the wearing of uniform. In regard to the fourth piece of legislation—the decree-law of the 10th October, 1933, for the protection of the good name of national associations—the Senate decided to ignore the Council's ruling and maintain the provisions in force. Their justification for this decision was that the Senate regarded 'the maintenance of public order and security in the state as its paramount duty' and that 'such order and security

¹ An appeal against this decision was made to the appropriate court of law, but it was rejected on the 7th February, 1936.

² See pp. 237-8, above.

would be imperilled if, through the withdrawal of the protection in question, impetus were given to the unrestricted agitation which, though directed in the first place against the national associations, is in reality aimed at the Government itself'. They also put forward the additional justification (which had already been rejected by the Council) that the provisions of the decree of the 10th October, 1933, had been declared by the Supreme Court of Danzig to be in conformity with the Constitution. The Senate also refused to take the action suggested by the Council in the case of the two municipal employees whose dismissal was considered by the Council to be unconstitutional, on the ground that the petitioners' appeal had been dismissed by the highest local authority in such matters, the District Labour Court.

The Senate's decisions on these matters were announced by Herr Greiser on the 27th November, 1935, in a declaration on behalf of the Government. In regard to the refusal to amend the decree-law of the 10th October, 1933, Herr Greiser remarked that 'the independence of the Free City would mean nothing if the League of Nations were to arrogate to itself the right to override decisions of the highest court of law'. In regard to the League's recommendation that compensation should be paid to the dismissed municipal employees, Herr Greiser said that he had refused to propose this course to the Senate since he took the view that the Free City had 'no money to spare for recommendations of this kind'.

Herr Greiser's declaration also contained passages in which he expressed an opinion on the relation of the League of Nations to Danzig which was not in conformity with the Council's own view of its functions. He spoke of the people of Danzig as 'cramped by articles and paragraphs fabricated in the days of Germany's deepest political and spiritual distress'. He claimed that the separation of Danzig 'was willed by the League of Nations', and he expressed the hope that 'in Geneva, where political realities are given such very great weight, the fact that the distribution of political power in Europe has been fundamentally changed cannot continue to be ignored'. He also declared that the time had come to open the eyes of the people of Danzig to the fact that the League's guarantee of the Constitution had cost them very dear, and he mentioned the sum of nearly 20,000,000 gulden as the expense which Danzig had incurred up to the end of the year 1934 'in respect of League officials, Committees, &c., for the sake of friendly co-operation with the League of Nations'. (According to an estimate of the Secretary-General of the League quoted by Mr. Eden in his report to the Council on the 24th January,

1936, the sum actually disbursed by Danzig to cover the cost of the High Commissioner's office and of committees appointed to consider Polish-Danzig problems was approximately 1,500,000 gulden.)

The text of Herr Greiser's defiant speech was forwarded to Geneva by the High Commissioner together with his annual report for 1935, in which he drew the Council's attention to the gravity of the situation. Mr. Lester pointed out that it was becoming more and more difficult for him to collaborate with the Senate, and that the methods open to him for making the League's guarantee effective were not working satisfactorily. He declared that there must either be a complete change in the attitude of the Government or a change in the League's machinery, and he suggested that the Council should consider the appointment of a Commission of Investigation to examine the position on the spot.

When the Council assembled for its ninetieth session on the 20th January, 1936, with the question of the situation in Danzig as one of the principal items on its agenda, it was apparent that there was more at stake than the protection of the rights and interests of the citizens of Danzig who had addressed petitions to Geneva. The open revolt of the Senate against the Council's recommendations constituted in a small way a challenge to the League's authority which was no less flagrant than Italy's action in Abyssinia, and it was evident that the Council must either impose its will effectively upon the small community which was setting it at defiance or suffer an irreparable blow to its prestige.

Mr. Eden fulfilled the task of *rapporteur* once again, and he did not mince his words when the Council began its consideration of the problem on the 22nd January, 1936. He remarked that the 'exceptional' gravity of the situation was due to the fact that the events which had taken place since the Council's session in September 1935 'inevitably gave rise to the doubt whether the Danzig Government was . . . dealing with these questions with goodwill and in good faith'. He also pointed out that the effect of the speech of the 27th November, in which Herr Greiser announced the Senate's decision not to carry out all the recommendations of the Council, 'could only be to create an atmosphere of hostility and resentment towards the Council'. Subsequent speeches showed that the Council agreed with its *rapporteur* in considering that the situation was extremely serious, and that there was no difference of opinion in regard to the necessity for making the League's authority effective. The wider issues which all the members of the Council had in mind were put

into words by the representatives of Spain and of the U.S.S.R., both of whom referred to the paramount necessity of maintaining the sanctity of international obligations if Civilization was to survive.

Herr Greiser's reply to the strictures passed upon him and upon the Government of which he was the head was delivered with a certain truculence. He explained the refusal of the Senate to carry out two of the Council's recommendations as due not to lack of goodwill but to the fact that 'the recommendations were of no intrinsic importance and had no great political significance', and he maintained once more the point of view that the Council was not competent to override the judgment of the Supreme Court of Danzig which had upheld the legality of the measures in question.

The general debate in the Council on the 22nd January was followed by negotiations between Herr Greiser and the *rapporteur* in which the Polish representative, Colonel Beck,¹ also played a part. These negotiations were long and difficult, but Herr Greiser gradually yielded ground, and he agreed at length (after consultation, it was said, with Berlin) to comply with the Council's wishes on all the points at issue. Mr. Eden was therefore able to report to the Council on the 24th January that a satisfactory settlement had been reached.

Herr Greiser undertook that the decree of the 10th October, 1933, for the protection of the good name of national associations should be abrogated, and he also promised that compensation should be paid to the two municipal employees who had petitioned the Council against their dismissal. In regard to the freedom of the press, he agreed to a suggestion put forward by Mr. Eden for a modification in the existing regulations, under which the measures of suspension were ordered by the Chief of the Police and there was no appeal except to the Senate. Under the amendment which Herr Greiser promised to introduce, appeals to a court of law would be allowed

¹ Colonel Beck's speech to the Council on the 22nd January had been noticeably cautious. Poland's special position in Danzig made it impossible for her to disinterest herself in the question of the observance of the Constitution, but the Polish Foreign Minister was obviously anxious that the good relations between Germany and Poland should not be compromised in any way by his attitude to Danzig's problems. He paid a tribute to the improvement in the situation as between Danzig and Poland which had been brought about by the Nazi Government, and while he agreed with his fellow members of the Council that the League's guarantee of the Constitution must be made effective, he thought that the Council, in studying the questions before it, should make allowances for the Danzig Senate's need of 'a certain freedom of action . . . to enable it to administer public affairs satisfactorily'.

and the court would be required to pronounce judgment within a short specified period.

Herr Greiser also accepted in advance a decision which the Council had not yet made formally, though it was a foregone conclusion. This was in connexion with the changes in the penal code¹ which had been considered by the Council in September 1935 and referred by it to the Permanent Court of International Justice for an advisory opinion. On the 4th December, 1935, the Court had expressed the opinion, by nine votes to three, that the two decrees of the 29th August, 1935, amending the penal code were not consistent with the Constitution of the Free City. Herr Greiser gave Mr. Eden an assurance that the Senate would comply with the Court's opinion—which would undoubtedly be adopted by the Council—by making the necessary amendments in the decrees of the 29th August.

The report which was presented by Mr. Eden to the Council, and adopted by it, on the 24th January set out the measures which the Senate had already taken to carry out certain of the recommendations made by the Council in September 1935 and recorded the Senate's change of attitude towards the recommendations which it had previously refused to accept. It referred to Herr Greiser's declaration of the 27th November, 1935, and corrected certain inaccuracies in his remarks concerning the relations between the League of Nations and the Free City; and it reasserted once more the Council's view that decisions of the executive, legislative or judicial organs of the Free City could not 'control the Council's exercise of its powers under the guarantee' of the Constitution. The Council decided, in view of the Senate's change of attitude, to reserve for consideration on a later occasion the High Commissioner's suggestion that it should appoint a Commission of Investigation. It called upon the Senate 'to take, in general, all measures which are required in order to govern in conformity with the Constitution', and it declared that the High Commissioner, whose task it would be to advise and aid the Senate in the execution of these measures, could count on the support and influence of all the Powers represented on the Council, and could rely more particularly on assistance from Poland.

In presenting his report Mr. Eden paid a tribute to 'the spirit of co-operation' which Herr Greiser had shown, and he expressed the hope, which was echoed by other speakers, that 'the present occasion marked the beginning of a new era in the relations between Danzig and the League, in which the Senate, by governing the

¹ See p. 239, above.

Free City in conformity with the spirit of the Constitution, would give full and loyal co-operation to the Council in the exercise of its guarantee'.

It remained to be seen how far this hope was justified. Herr Greiser had apparently been brought to heel by the attitude of the Council and by the firmness and patience of the *rapporteur* (who was making his first appearance at Geneva in his new capacity as His Britannic Majesty's Secretary of State for Foreign Affairs); but previous experience had shown that the capitulation of the President of the Senate at Geneva did not necessarily mean that there would be no further attempts at Danzig to evade the restrictions placed by the Constitution upon the fulfilment of National-Socialist ideals. It was true that the Council had another weapon in reserve on this occasion, in the shape of the Commission of Investigation which it might still appoint if it was not satisfied that there was a real improvement in the situation; and the special mention of Poland in the concluding paragraph of Mr. Eden's report was also a salutary reminder to the Senate that a refusal to mend its ways might result in Polish intervention. It was significant that Colonel Beck should have broken his journey back from Geneva to Warsaw in Berlin in order to discuss the outcome and implications of the Council's deliberations with the German leaders.¹

In these circumstances, counsels of moderation prevailed for a time in Danzig. At the end of February 1936 the Senate fulfilled the promises which Herr Greiser had made at Geneva by issuing four decrees. These repealed the law for the protection of the good name of national associations and the amendments of the 29th August, 1935, to the penal code; modified the regulations concerning the wearing of uniform; and set up a special court to deal with questions relating to the press.

Events were soon to prove, however, that the Senate's show of compliance with the decisions of the League of Nations was a mere formality which did not indicate any change of heart or of policy; and before many weeks had passed the relations between the Nazi authorities in the Free City and the representative of the League had become more strained than ever. The crisis which arose in June 1936 and which brought the Danzig question once more into the foreground of the international scene must be reserved for treatment in a later volume.

¹ Colonel Beck was said to have received an assurance that the Nazi régime in Danzig would be modified and that members of the Opposition would receive less harsh treatment.

(c) RELATIONS BETWEEN GERMANY AND LITHUANIA OVER MEMEL
(1933-5)

In an earlier volume of this series¹ a detailed account has been given of the separation of Memel from Germany by the Treaty of Versailles; of its occupation by Lithuanian forces in January 1923; and of the definition of its status by the Convention between the Principal Allied Powers and Lithuania of the 8th-17th May, 1924, which provided that the town and district of Memel should 'constitute, under the sovereignty of Lithuania, a unit enjoying legislative, judicial, administrative and financial autonomy', the limits of this autonomy being prescribed in a Statute annexed to the Convention. The subsequent relations between Germany and Lithuania with regard to the territory have also been recorded down to the time of the decision given by the Permanent Court of International Justice on the 11th August, 1932, in the matter of the dismissal of the President of the Directorate, Dr. Böttcher, and the dissolution of the Landtag by the Lithuanian Governor of the territory.²

For more than a year after these events comparative tranquillity reigned in Memel, and even the rise to power of Herr Hitler produced no immediate upheaval. The political parties which held a majority in the Landtag after the elections of 1932 were the Volkspartei and Landwirtschaftspartei, which, though pro-German,³ were not National-Socialist. Two definitely Nazi parties were, however, springing up. The first of these to come into existence was the Christlich-Sozialistische Arbeitsgemeinschaft or 'C.S.A.', founded by Pastor von Sass, which had a left-wing programme and the first electoral success of which was gained in the elections for the Memel City Council in May 1933. Later in the summer some of the more conservative sympathizers with National Socialism founded the Sozialistische Volksgemeinschaft or 'Sovog' under the leadership of Dr. Neumann. When both movements took part in the elections for the Chamber of Agriculture in October 1933 the 'Sovog' proved itself the stronger of the two by winning 27 seats out of a total of 36. The

¹ See the *Survey for 1920-3*, Part III, section (ii) (3) (c).

² See the *Survey for 1932*, Part IV, section (iv). For a review of the Memel problem from the time of the peace settlement down to 1935, see also I. F. D. Morrow: *The Peace Settlement in the German-Polish Borderlands*, chapter xiii and pp. 484-7.

³ These parties were pro-German only in the sense that they wished to maintain the rights of self-government granted by the Statute in order to preserve the predominantly German culture and standards of living of the district. Their members were not infrequently Lithuanian by race or even by language, and this was true also of the Nazi parties—particularly of the 'Sovog', which rejected all racial doctrines.

Reich Nazis appear to have given their support to the 'Sovog' rather than to the 'C.S.A.', and were reported to have tried to make the latter accept Dr. Neumann's leadership.

It was inevitable that the growth of these two parties, which openly professed Nazi principles, even though they might deny any official connexion with organizations in the Reich, should cause increasing alarm to the Lithuanian Government and to public opinion both in Lithuania itself and in pro-Lithuanian circles in Memel. Moreover, Lithuanian Nationalists, even in pre-Nazi times, had for long considered that the German Government were showing an excessive interest in the preservation of the German character of Memel. Even before the National-Socialist Revolution they had suspected that large sums, contributed in part from 'Osthilfe' funds, were spent on propaganda, that credit and agricultural marketing facilities were given or withheld for political reasons, and that it was thanks to influence exercised from the Reich that pro-German Memellanders had been able to gain control over local government bodies and other political, economic and social institutions ranging from trade unions to choral societies. Lithuanians had also objected to the strength of German influence over the Memel officials, many of whom—particularly among those who were in the service not of the Lithuanian Government but of the local administration itself—were not only pro-German but were also nationals of the Reich. Those officials, for instance, who had remained in the district after its separation from the Reich, and had opted for Lithuanian nationality, had received financial help towards making up the difference between German and Lithuanian standards of pay, while the Reich Government were said to have promised that they might recover their original nationality again at any moment.¹ It was not unlikely that self-interest, patriotism or a desire to be on the winning side might have persuaded them to be more loyal to the Reich Government than to the Government of Lithuania under whose sovereignty they had been placed against their will. The Lithuanian authorities can therefore hardly be blamed for fearing that the conversion of the Memel officials to National Socialism would place a dangerous weapon in the hands of the Reich Government at a moment when that Government were suspected of adopting a more aggressive policy than that of their predecessors. German teachers were already introducing Nazi propaganda and methods of education into the schools, and it was also alleged that officials who were members of the Nazi parties were secretly engaging in more treasonable activities.

¹ For the similar situation in Danzig, see the *Survey for 1932*, p. 371 and *n.*

In consequence of these fears the Lithuanian Government decided to strengthen the hold of the central administration over Memel, and appointed a new governor, Dr. Navakas, to carry out more energetic measures against the supposed Nazi peril. As early as the 10th June, 1933, a law had been enacted which made the employment of foreigners in the service of the Memel Territory dependent on the permission of the Governor. In spite of protests from the German Government this law came into force on the 10th December, 1933, and a few days later Dr. Navakas announced the dismissal of 101 officials, mostly Germans from the Reich. New regulations were also brought into force in December with regard to foreigners in private employment, and in the following January the Governor decided that 176 of such labour permits should be withdrawn and that more than 900 of them should only be valid for three or at the most six months. By this time the German Government had already begun to put economic pressure on Lithuania by reducing the import quota for Lithuanian butter by 70 per cent.—to which the Lithuanian Government replied by prohibiting the entry of various kinds of goods from Germany. They also protested to the Reich Government against the spreading of rumours in Germany that Lithuanian riflemen and frontier police were preparing to overthrow the existing administration in Memel by force.

The Lithuanian Government were, in fact, preparing to take drastic action against the Memel Nazis. On the 8th February, 1934, a law came into force establishing severe penalties for activities directed against the Lithuanian nation and state, and for membership of seditious organizations, especially those which were subsidized from abroad. Particularly severe punishments were provided for officials, and offenders against this law were not to be tried in Memel, but by the Court of Appeal in Kaunas (Kovno). Next day both the Nazi Parties were declared to be seditious, their premises were searched and four members of the 'Sovog' were arrested on a charge of treasonable conspiracy. These included Dr. Neumann himself and the leader of the Wandervogel, who was preparing to organize a youth group for the party. On the 22nd February both the 'Sovog' and the 'C.S.A.' were dissolved on the pretext that they had been plotting to separate Memel from Lithuania by means of an armed rising.

In Germany, as well as in Memel, the new law for the defence of the state was held to be a direct attack on Germanism in Memel, and to have infringed the Statute of 1924 which provided for the judicial autonomy of the district. Inquiries were indeed reported

to have been made at Kaunas by the representatives of the British, French and Italian Governments, in their capacity as signatories of the Convention of 1924, and on the 23rd February, 1934, the German Minister presented a note protesting against the new law. This diplomatic action on the part of the Reich Government was reinforced by the temporary suspension of all local goods traffic across the East Prussian frontier, and, later on, by the prohibition of the transit through Germany of goods intended for Lithuania.

In their reply to the German note, which was received on the 21st March, 1934, the Lithuanian Government, however, denied all the German allegations; and they went on, moreover, to complain of the propaganda directed from Germany against the territorial integrity of their country. Meanwhile they were continuing their investigations into the alleged Nazi plot, and had already arrested the leaders of the 'C.S.A.' By the end of April more than 100 persons were awaiting trial, 86 of whom were in prison. They remained there throughout the summer, while National-Socialist opinion in Germany became full of righteous indignation at their supposed sufferings, and at the unheard-of methods by which information was said to have been extracted from them.

Now that they had dealt this blow to the Nazi parties the Lithuanian authorities were still faced with the opposition of the Landtag and Directorate. Their first conflict with the former had for its immediate cause the question of education, which was so closely connected with that of propaganda. The German parties in the Landtag wished to amend the Statute in such a way as to make it clear that the Memel administration alone had the right to decide what should be taught so long as the standard of education did not fall below that of the rest of Lithuania. As the Lithuanian Government considered that they were entitled to supervise the schools, Dr. Navakas asked that the amendment should be withdrawn. When the German parties refused to comply, he closed the session of the Landtag on the 5th May, 1934, the day after it had been opened, without the consent of the Directorate, and before the budget had been discussed.

Dr. Schreiber and his Directorate were themselves to remain in office only a few weeks longer. On the 28th June, 1934, Dr. Navakas ordered Dr. Schreiber to relinquish his post on account of his undue lenience towards the Nazi parties, and appointed as his successor a Dr. Reizgys, who formed a Directorate all of whose members were Lithuanians. Under the terms of the Statute, however, the new Directorate was obliged to present itself before the Landtag within

a month from the time of its appointment, and must resign if it received a vote of no confidence. Moreover, two years earlier, the Permanent Court of International Justice had decided that the Governor was not entitled to dissolve the Landtag before a Directorate had received a vote of confidence.¹ The Lithuanian authorities evaded this difficulty by summoning the Landtag but at the same time preventing it from transacting any business. On the 12th July the Government at Kaunas enacted a law which gave the Lithuanian military commandant in Memel the right to dissolve any organizations which he considered to be dangerous to the state, and which also deprived persons who had belonged to such organizations during the six months before they were dissolved of the right to elect members to the Landtag, and to other local administrative, economic or professional councils, or to be themselves elected to serve on these bodies. This law was applied to the Landwirtschaftspartei as well as to the Nazi parties which were not represented in the Landtag. When the Landtag should have met on the 27th July several members of the Landwirtschaftspartei were disqualified from taking part in its proceedings, and all the Lithuanian members stayed away. There were thus only fourteen members present instead of the twenty who were needed to form a quorum, so that no vote of censure could be passed, and on the half-dozen occasions when the Landtag was again convened before its three years' mandate expired in May 1935, the Lithuanian authorities were always able to prevent more than nineteen members being present.

One consequence of the appointment of the Reizgys Directorate was that an increasing number of officials were dismissed, on the ground that they had belonged to seditious organizations or that they had not enough knowledge of the Lithuanian language, and many of the Lithuanian officials who replaced them were reported to know very little German. Among the first to go were the Chief Burgomaster of the town of Memel and the Memellander member of the Harbour Board. By September 1934 more than five hundred officials were reported to have been dismissed or temporarily suspended from work. The Directorate also made regulations replacing German by Lithuanian as the language of instruction in schools where a majority of the pupils came from Lithuanian-speaking families. This proposal was disliked not only by the Germans but by many parents who spoke Lithuanian but preferred to send their children to a German school, and the new regulations never actually came into force, owing to the resignation of the Reizgys

¹ See the *Survey for 1932*, p. 408.

Directorate on the 1st December, 1934. Monsieur Reizgys was succeeded by Monsieur Bruvelaitis, leader of the Lithuanian defence and youth organizations in Memel, who formed a Directorate consisting of two Lithuanians and one member of the Landwirtschafts-partei, who accepted office against the wish of his party. The fourth member was also said to have been appointed to represent the German point of view, but this was firmly denied by the pro-German parties themselves. The fifth seat was repeatedly offered to the pro-German parties, but these refused to give any support to a Directorate in which the real control would remain in Lithuanian hands. Monsieur Bruvelaitis therefore continued his predecessor's policy of remaining in office by preventing the Landtag from passing a vote of censure.

The recent policy of the Lithuanian Government, and the dismissal of Dr. Schreiber in particular, had already formed the subject of a note of protest addressed by the Reich Government on the 4th July, 1934, to the Powers which were guarantors of the Memel Convention, while on the 10th July the German Foreign Minister, Freiherr von Neurath, had received the Ambassadors of those Powers in order to impress on them the necessity for intervention. The attitude of the British Government with regard to these representations was defined by Mr. Eden, at that time Lord Privy Seal, in the House of Commons at Westminster on the 19th July. Mr. Eden stated that His Majesty's Government were following the situation with close attention, and had been in communication with their co-guarantors even before they had received the German note. They considered, however, that the only *locus standi* of the German Government derived from Germany's membership of the League Council, to which body any complaints should properly be addressed.

The apparent reluctance of the Powers to intervene was much criticized in Germany, and the grievances of the Memellanders were next put forward by a citizen of the territory, the Vice-President of the Landtag, who presented two petitions to the Powers' representatives at Geneva on the 21st and 27th September, 1934. The British, French and Italian Governments referred these petitions to a committee of jurists, which appears to have come to the conclusion that infringements of the Statute of 1924 had in fact taken place. The three Governments were reported to have already informed the Lithuanian Government of their intention of taking action if the Statute proved to have been infringed, and on the 22nd October, 1934, the Lithuanian Minister in London was understood to have informed the British Foreign Office that his

Government were willing for the question to be discussed as soon as possible at Geneva. This discussion, however, never actually took place, possibly because the attention of the Great Powers was already being drawn away from the problems of Memel to those of Hungaro-Yugoslav relations and of the Saar plebiscite.

By this time the Lithuanian authorities had completed the preliminary stage of their inquiries into the case of the 122 members of the Sozialistische Volksgemeinschaft and Christlich-Sozialistische Arbeitsgemeinschaft who had been accused of taking part in a Nazi conspiracy. They now proceeded to stage a treason trial on a spectacular scale before a military court at Kaunas.¹ The indictment, which covered more than 500 pages of print, went into the whole question of German Nationalist activities in Memel since the year 1924,² while, in addition to these general charges, some of the prisoners were accused of making terrorist attacks on informers. The law applied by the court was the law of Lithuania Proper and not that of Memel. It was also doubtful whether a trial by a military court was justified by the existence of martial law in Memel, and was not a violation of the judicial autonomy granted by the Statute of 1924.

The trial lasted for more than three months, and it was not until the 26th March, 1935, that the court delivered its judgment. Eighty-one of the accused, including Dr. Neumann and Pastor von Sass, were sentenced to terms of imprisonment varying from eighteen months to twelve years; there were two sentences of imprisonment for life; and four members of the 'Sovog' Party were condemned to death for the murder of an official called Jesuttis who had belonged to both the 'Sovog' and the 'C.S.A.' in turn, and who was supposed to have given information to the Lithuanian police about a visit which 'Sovog' leaders had paid to Herr Hess in Berlin.

The evidence in the case of Jesuttis, together with the confession of one of the accused, seemed to prove that his assailants were guilty of manslaughter and possibly of kidnapping, if not actually of murder, while in the second case of terrorism, that of an attack on a man called Loops, the persons concerned were shown on their own confession to

¹ An English lawyer, Sir Alexander Lawrence, who held a watching brief on behalf of relatives and friends outside Lithuania of some of the 'Sovog' prisoners, was not allowed to attend the trial even as a spectator, and the Lithuanian authorities placed many obstacles in the way of his obtaining information. After he had left Lithuania during the Christmas recess he was not allowed to come back, and his two assistants had great difficulty in doing so, one of them even being arrested for a few hours.

² See p. 247, above.

have been guilty. On the other hand, the prosecution was not so successful in proving the existence of a Nazi conspiracy to prepare an armed insurrection in Memel. Both the 'Sovog' and 'C.S.A.' parties professed Nazi principles and were organized on Nazi lines, with their leaders and deputy leaders, their groups, their cells and their youth organizations. These latter not infrequently made excursions into the country, and there was a certain difference of opinion as to how the 'Stammes Kreise' of the 'C.S.A.', or the 'heavy group' of the 'Sovog', or the 'Wandervogel', occupied themselves after they had disappeared into the forests singing their adaptations of Nazi songs. The leaders of both parties firmly denied that their youth organizations received any military training, but it was suggested by the prosecution that a member of the 'Sovog' who lived near the German frontier had let his estate be used as a training-ground for storm troops. One of the accused, moreover, confessed that he himself and other young men belonging to the 'Sovog' had received military training in secret, and that when inquiries were first being made into the alleged plot the Reich police had warned him against giving any information to the Lithuanians.

As in the cases of Austria and of the Saar, it was natural to suspect that the Nazis in Memel were closely connected with those in the Reich, but it was not so easy to prove that this was actually the fact. According to the prosecution, Nazi activities in the district were organized and financed by the German Consul-General at Memel and by the governmental and party authorities in the Reich; while a Special Commissioner had been appointed for the district, and young Memellanders were being recruited for the Voluntary Labour Service and for special S.A. detachments stationed in East Prussia. Members of the 'C.S.A.' and 'Sovog' had, in fact, been in touch with leading National Socialists in Germany, particularly with regard to the dissensions between the two parties, and the Nazi party officials at Königsberg had entered into a certain amount of correspondence about Memel. It was also true that the Consul-General at Memel had taken an interest in local politics and had supported the 'Sovog' in preference to the 'C.S.A.' Nevertheless it was suggested on behalf of the defence that he had not been acting in an official capacity, and that, in this and other cases, there was no evidence that either of the Memel parties was officially connected with the Reich Nazi Party or that either of them received any instructions from it. It was repeatedly denied that any such connexion existed or that the Voluntary Labour Service had any purpose other than the relief of unemployment. On the contrary, both the 'Sovog' and the 'C.S.A.'

had publicly declared their loyalty to the autonomous régime in Memel. When they first came into existence their official statements of policy had been sanctioned by the Lithuanian authorities, and, according to statements made at the trial, they had been genuinely anxious to bring about a reconciliation between Memel and Lithuania.

The history of the other countries on the borders of Germany during recent years shows similar examples of the growth of semi-independent Nazi movements in territories under foreign sovereignty or administration; of the appointment of Special Commissioners for those territories; of the recruiting of semi-military organizations such as the 'Austrian Legion' from among foreign Nazis who took refuge in Germany; of the provision of secret military training; and of the use of the Voluntary Labour Service as a means of Nazification.¹ In the case of Austria, Nazi activities had culminated in an insurrection in which the Reich Nazi Party, and with them the Reich Government, were strongly suspected of being implicated; and it was not impossible that a rising might also have been planned in Memel at the instigation of, or with the connivance of, the Reich Nazis. There was, however, no proof that a rising was actually being planned in the early months of 1934, that the signal for this rising was to be given by the blowing up of barracks in Memel, and that 20,000 S.A. men were thereupon to cross the frozen River Niemen to the assistance of the rebels. The evidence brought forward by the prosecution on this point consisted largely of rumours, together with reports of wild talk by Memel Nazis to the effect that Memel could only be won back for Germany by force of arms, or that they would fight if the Lithuanians attempted to overthrow Dr. Schreiber's pro-German administration by force. Nothing more incriminating than this was revealed by one of the accused who gave evidence for the prosecution, whose double role as police spy and secretary of the 'Sovog' should have given him both the motive and opportunity to unearth the plot had it actually existed. The Lithuanian authorities had confiscated more than a thousand weapons, but very few of these would have been of any use in a rising, and most of the owners of the weapons had taken out proper licences for them. Unless the Nazis had other stores of weapons which had escaped discovery, there was some justification for their claim that it would have been impossible to make a *Putsch* with about twenty rifles, some shot-guns and an assortment of old-fashioned firearms anything up to a hundred years

¹ See the *Survey for 1934*, Part III C, section (i), and Part III E.

old; and the prosecution had to fall back on the theory that the arms would have been provided from outside the district. Besides this, it was perhaps unlikely that the conspiracy would have been timed to come to a head at a moment when the conflict over the leadership of the Memel Nazi movement was still unsettled, and when the Reich Nazis were still fully occupied with the problems of Austria and the Saar.

Throughout 1934 the attention of the Nazi Government and of German public opinion was still chiefly fixed on these two countries, in comparison with which Memel was rather a minor issue. After the successful outcome of the Saar plebiscite on the 13th January, 1935, however, the Reich Nazis were free to turn their eyes to the east in search of another crusade. On the actual day of the plebiscite itself the *Völkischer Beobachter* began a series of articles on the subject of Memel, and on the 12th February spontaneous demonstrations of protest against Lithuanian methods of government were organized among the students at Berlin University, where a Memel exhibition was being displayed by the League for Germanism Abroad. The verdict and sentences of the Kaunas trial were, not unnaturally, greeted with a storm of protest in Germany. Outspoken demonstrations took place in Berlin, Munich, Tilsit and other towns, and on the 1st April, 1935, the German Consulate-General in Kaunas refused to grant visas to Lithuanian citizens for entry into or even transit across Germany, thereby cutting off Lithuania from all access to the west by land, as the Polish-Lithuanian frontier was also closed. It was reported on the 28th March that, since the day before the trial ended, the Memel police and frontier guards had been standing by in readiness for a rising or even an invasion. No disturbance of any sort took place, however, and the German Government do not even seem to have made any direct diplomatic protest to Lithuania.¹ Their attitude was defined in an election message addressed to the Danzig Nazis by Herr Hitler on the 12th April, which explained that 'while Germany had imposed . . . remarkable restraint on herself in order not to endanger European peace, she expected that the Powers who guaranteed justice in the territory would at last fulfil their obligations'.²

The guaranteeing Powers had already made representations at

¹ The statement from a Lithuanian source in *Le Temps*, 16th April, 1935, that the German Government had presented a note on the 5th April demanding the restoration of the Statute was contradicted not only by the *Völkischer Beobachter* of the 9th July, 1935, but also by *The Times* of the 4th April, 1935.

² *The Daily Telegraph*, 16th April, 1935.

Kaunas on the 13th March on the subject of the political situation in Memel, and had subsequently received a reply to the effect that the break-down of the Statute was entirely due to the continual interference of a foreign Power, but that Lithuania was prepared to carry out any decision for the settlement of the conflict which might be taken by the League Council or by the Permanent Court of International Justice. Herr Hitler now decided to urge the Powers to take more effective action. The announcement of the findings of the Kaunas court was handed to him during his conversation with Sir John Simon on the 26th March, and he availed himself of this opportunity to inform the British Foreign Secretary that he was not prepared to contemplate the inclusion of Lithuania in any pact of non-aggression.¹ Possibly as a result of the urgent appeal on behalf of the Memel Germans which the Führer made to Sir John Simon on the same occasion, the British Government took the lead in discussing the Memel question with France and Italy during the Stresa Conference, and in drafting a joint note which was handed to the Lithuanian Government on the 19th April. This note, 'while recognizing that the Lithuanian Government' had 'encountered certain difficulties', declared 'that the present situation in Memel' was 'irreconcilable with the terms of the Statute. . . . The Lithuanian Government' had 'therefore been called upon to bring this situation to an end promptly by ensuring . . . an early meeting of the Landtag and the constitution of a Directorate possessing its confidence'.² It was reported from Kaunas that the Powers had also let it be known that if their requests were not complied with they would bring the dispute before the League Council. The Lithuanian Government replied to this note by assuring the guaranteeing Powers that they were giving the closest attention to the situation, and by referring to their attempts to persuade the pro-German parties to accept seats on the Directorate.³ They not only made it clear that their attitude with regard to the question remained unchanged, but they went so far as to inquire whether the Powers were ready, for their part, to give them certain guarantees of security. According to a German report⁴ they were less impressed by the joint note than by the principle of the 'indivisibility of peace' which had been enunciated by the Stresa Conference and which suggested to them that the

¹ See the statement made by Sir John Simon in the House of Commons at Westminster on the 9th April, which is quoted on p. 147, above.

² See the statement by Sir John Simon in answer to a parliamentary question on the 29th April.

³ See p. 251, above.

⁴ See the *Frankfurter Zeitung*, 6th May, 1935.

Stresa Powers might join in building up an anti-German front in the East as well as in the West.

The Lithuanian reply was not considered to be satisfactory by the British Government, which once more approached the Governments of France and of Italy with a view to deciding on further action.¹ The three Governments seem, however, to have made no further move by the beginning of July, when the Lithuanian Foreign Minister, Monsieur Lozoraitis, paid a visit to Paris. Monsieur Lozoraitis was reported to have anticipated the impending *démarche* on the part of the guaranteeing Powers by making inquiries as to what help Lithuania might hope to receive if the correct application of the Statute were to have certain consequences. It was suggested in Germany that this step had been taken at the instigation of the Soviet Union, which wished to strengthen its position at Kaunas at the expense of the three Powers.

The French Government were also believed to be much less willing to take action than the British. A caricature was said to have appeared in a Lithuanian newspaper which depicted Monsieur Laval as an Angel of Peace, warning Sir Samuel Hoare against sacrificing an innocent child representing Lithuania, and pointing to the figure of Herr Hitler in the background; though it is not quite clear whether the Führer was intended to play the part of the ram in the story of Abraham and Isaac. In any case, no more representations were made to Lithuania during the next few weeks, possibly because the attention of the Powers was drawn farther afield to the early stages of the Abyssinian dispute.

Meanwhile the case of the 87 Memellanders who had been sentenced by the military court at Kaunas came up for appeal before the Lithuanian Supreme Court. On the 17th May the court decided to uphold all the sentences except one sentence of imprisonment which was slightly reduced. This news caused great indignation in Germany and a corresponding increase of tension in both countries. Lithuanian reserves were called up, air defence exercises were carried out, troops were reported to be on the move on both sides of the frontier, while local Nazi officials closed the bridge across the River Niemen at Tilsit. The four death sentences were commuted next day to imprisonment for life, but the value of this gesture on the part of the President of Lithuania was lessened by the fact that death sentences were, in any case, hardly ever carried out in Lithuania at that time. In consequence, though German opinion was to some extent appeased,

¹ See the statement made by Sir John Simon in the House of Commons at Westminster on the 29th May.

it was not yet satisfied, and, in his Reichstag speech of the 21st May,¹ Herr Hitler laid stress on the impossibility of concluding any sort of treaty with Lithuania until the Powers could compel her to respect the most elementary of the rights of man.

By the summer of 1935 the conflict between the Landtag and the Lithuanian Governor and Directorate was still unsolved. In the previous April, after the representations made by the Powers in March, but before the receipt of the more strongly worded joint note of the 19th April,² an attempt seems to have been made from the Lithuanian side to reach some compromise with the pro-German parties. Monsieur Navakas, who had become identified with the repression of the Nazi movement, resigned his office as Governor on the 5th April, and was succeeded by Monsieur Vladas Kurkauskas, a retired army officer and ex-president of the Kaunas Chamber of Agriculture, who had not previously taken an active part in politics. Negotiations were begun with regard to the reconstruction of the Directorate, but the pro-German parties again refused their co-operation, and the Bruvelaitis Directorate were still in office when the Landtag's three-years' mandate expired on the 4th May, 1935. The Lithuanian authorities considered that, as the Landtag had not been dissolved, the provision of the Statute that elections must be held within six weeks did not apply in this case. It was therefore decided that the elections should not take place till the 29th September, 1935. The reason officially given was that it would be more convenient to wait until after the harvest, but the Memel Germans suspected that the delay would enable the Lithuanian authorities to give an unfair advantage to their supporters by amending the electoral law or by putting pressure on the electorate.

The pro-German parties therefore decided to form a united front called the Einheitsliste. The Social Democrats³ were the only German group not to give their support to this coalition, whose declared policy was the maintenance of the autonomous régime and the restoration of the Statute. Among its supporters were Memellanders who were German by race and others who were partly or completely Lithuanian, and there were no less than eleven Lithuanian Memellanders among the twenty-nine candidates which it put forward. On the other hand, a good deal of the driving force behind its election campaign was supplied from Germany, the East Prussian press and the broadcasting station at Königsberg being particularly active in

¹ See pp. 172-4, above.

² See p. 256, above.

³ On the other hand, the Arbeiterpartei, an extreme left-wing Marxist party, did join the Einheitsliste.

this respect. The Germans were also accused by their opponents of having recourse to more questionable, but perhaps more effective, methods of electioneering. Much use was made of the slogan 'Wait till Hitler comes!', while persons who were 'politically unreliable' were said to have been black-listed or threatened with economic sanctions such as boycotting or the foreclosure of mortgages or the refusal of visas for Germany.¹

Both sides were, indeed, probably guilty of intimidating political opponents or waverers, and while the Germans had the backing of their friends in the Reich, the Lithuanians had the advantage of being in control of the electoral machinery. The Electoral Commission, which was appointed by the President of the Directorate, consisted at first of four Lithuanians and one German who was a member not of the Einheitsliste but of the Social Democratic Party.² In addition to this, the chairmen of the local election committees and the officials who were to be in charge of the polling-stations were chosen from among Lithuanians, or from among German Memellanders who had not belonged to the parties which had been in power in the last Landtag. The Germans also asserted that the new regulations which granted Memel citizenship to Lithuanians who had spent a year in the territory were enacted on purpose to provide from 8,000 to 10,000 new votes for the pro-Lithuanian parties. There had always been a tendency for Lithuanians to migrate to Memel because of the higher standard of living there, and precisely the same complaint had been made during the election campaign of 1932.³ According to the official Lithuanian figures, on the other hand, no more than 5,234 Lithuanians had acquired Memel citizenship since 1932, and there had been no last-minute rush for naturalization.

Much opposition was also aroused by the promulgation at Kaunas on the 14th August, 1935, of an amended electoral law for Memel. Among other changes, this law introduced a system of voting for individual candidates, instead of for party lists, as had previously been the rule, while it provided for the disqualification of candidates and voters who had been deprived of civil rights by the military commandant for having belonged to forbidden political parties. In addition to this, however, no person might be elected who was a naturalized citizen, or who had opted for Lithuanian citizenship,

¹ For an account, from a Lithuanian source, of German methods of intimidation see *Le Temps*, 25th September, 1935.

² According to *Le Temps* of the 22nd September, 1935, the Einheitsliste had been offered three seats on the Commission but had refused them.

³ See the *Survey for 1932*, p. 407.

having at the same time the promise of a foreign state that he might regain his original nationality. Those persons were also to be disqualified for election who had belonged to an organization which had been declared by a court of law, at any time during the last five years, to aim at depriving Lithuania of her independence or of part of her territory.¹

Early in September 1935 the Governor of Memel availed himself of the powers given him by this law to deprive Dr. Schreiber, the former President of the Directorate, and several other Einheitsliste candidates of their electoral rights, and to declare them not to be entitled to possess Lithuanian citizenship. It was still possible for the Einheitsliste to nominate other candidates to take their place, but, in addition to this, many voters were also disfranchised, and thousands more feared that they would be affected if the law were to be applied strictly.

The Government and public opinion in Germany were watching these developments with ever-increasing attention. The Reich Government were not indeed openly asking for more than that the guaranteeing Powers should compel Lithuania to restore the Statute, unless they wished Germany to lose all faith in international justice and in the sanctity of treaties. At the same time they continued to remind public opinion at home that Memel was the oldest German city on the Baltic coast; that all the Memellanders without exception were German by sympathy if not by race; that the frontier between Memel and Lithuania marked the boundary between Western Civilization and Asiatic Barbarism; and that a despicable little state like Lithuania would not dare to insult her betters so outrageously if it were not for the encouragement which she received from the Soviet Union. General Göring, for instance, speaking at Nemonien, near the East Prussian frontier, on the 8th September, declared that the Germans could not be asked to stifle the call of the blood which rebelled when they heard of the terror to which their defenceless brothers and sisters were being subjected. Two days later this warning was followed up by an article in the semi-official *Diplomatisch-politische Korrespondenz* to the effect that Germany's disinterestedness with regard to the Abyssinian conflict did not go so far as to permit her to stand quietly by if Lithuania should take advantage of it to continue her oppression of the Memel Germans without fear of intervention by the guaranteeing Powers.

A fitting climax to these denunciations was provided by the Führer himself in his speech before the special session of the Reichs-

¹ See the *Völkischer Beobachter*, 18th August, 1935.

tag on the 15th September, 1935.¹ On this occasion Herr Hitler declared that Memel had been stolen from Germany years after peace had been concluded. This robbery had been legalized by the League of Nations only on condition that a treaty should be concluded granting self-government to the Memel Germans. For years, however, the German element in the territory had been maltreated and tortured, and all representations made by the guaranteeing Powers had remained empty formalities, without any real value or effect. The Reich Government were watching these developments with attention and bitterness. It would be a praiseworthy act on the part of the League of Nations to see that the autonomy of Memel was once more respected, before, there also, events took a turn which could only be regretted on all sides. Germany was not making unfair demands when she asked that effective means should be taken to make Lithuania carry out the treaties which she had signed. After all, he declared, a nation of 65,000,000 inhabitants had at least the right to require that it should not receive less respect than the caprice of a country with a population of a mere 2,000,000. It was not perhaps entirely by coincidence that Herr Hitler's next subject for denunciation was the Communist International of Moscow, which he accused of openly and deliberately stirring up strife among the nations.

At this time it was also rumoured that the Reich Government were seriously considering the possibility of instigating a Nazi revolt in Memel.² A 'stunt' of this kind, if successful, might raise Nazi prestige in the Reich at a time of year when it was apt to suffer a decline, but it was also suggested that the Reich Government might encourage a rising for purposes of experiment. If the German-Polish reconciliation stood this test, and if the guaranteeing Powers dared do no more than make protests, and did not take effective action to restore Lithuanian sovereignty, the Germans would know that they might begin to carry out their eastern plans at any time, perhaps even in preference to their plans for the *Gleichschaltung* of Austria. The view was reported to have been expressed in influential quarters that Memel could be recovered in much the same way as Lithuania had originally seized it; that there would be no risk of the conflict spreading; and that the Western Powers would not only be unwilling to interfere but would even be glad to see Germany settle the dispute by herself once and for all.

¹ Text in the *Völkischer Beobachter*, 16th September, 1935.

² See *The Manchester Guardian* of the 18th September, 1935, and *The Times* of the 19th and 21st September, 1935.

A distinctly cautious and non-committal attitude had, in fact, been taken up by one of the countries whose reactions might be tested in this way, namely Poland. Well-informed Polish observers were reported to be of the opinion that there was no immediate danger of a Nazi rising, but that, if it should occur, Poland would not be directly concerned. The Polish Government would therefore be the last to intervene, since they would prefer to follow the lead of the guaranteeing Powers. Nevertheless, the fact that during September the Polish Government took the initiative in arranging a meeting at Geneva between the Lithuanian and Polish Foreign Ministers suggests that they were not in such single-minded sympathy with the German point of view as to neglect the possibility that German threats might make Lithuania more inclined for a reconciliation with Poland.

On the 12th September, three days before Herr Hitler's speech, the guaranteeing Powers had already made 'exceptionally strong representations'¹ at Kaunas, though they also appear to have taken the view that if the German Government wished for redress they should bring their complaints before the mixed commission set up under the German-Lithuanian treaty of 1925. Next day the Lithuanian Government gave assurances that the elections would be conducted in accordance with the Statute. It was also arranged that representatives of the guaranteeing Powers should go to Memel as observers on the day of polling. Moreover, on the 14th September, the Lithuanian Prime Minister issued a declaration to the effect that the elections would be carried out by universal suffrage and by an equal, direct and secret ballot, and that the disqualification of persons belonging to subversive organizations did not affect 'anonymous groups' but only a definite number of individuals. Only about twenty Memellanders were reported to have lost their electoral rights through being deprived of Lithuanian citizenship, though it was not made known how many people had been disfranchised for other reasons. A further concession was made by the appointment of a member of the Einheitsliste to serve on the Electoral Commission in place of the Social Democrat, who had resigned.

Having made these conciliatory gestures the Lithuanian Government, in their turn, presented a note to the guaranteeing Powers protesting against various forms of German interference, including

¹ *The Manchester Guardian*, 13th September, 1935. The Foreign Ministers of the three Powers informed the League Council of this *démarche* in a joint letter of the 27th September, the text of which appeared in *The Times* of the following day.

Herr Hitler's latest speech. Moreover, when, on the 25th September, Monsieur Lozoraitis gave the three Governments renewed assurances with regard to the holding of free elections and the restoration of constitutional Government, he took the opportunity to suggest that representations might also be made at Berlin. When the representatives of the three Powers informed the German Foreign Minister of this *démarche* they did, in fact, express the hope that the German Government would take 'all expedient measures . . . to tranquillize and improve the relations between the Reich and Lithuania'.¹ Freiherr von Neurath was, however, understood to have told the Ambassadors that his Government still considered the representations made by the Powers to be inadequate. Nevertheless, a certain relief of tension was notable in the territory itself during the last few days before the election, and there were surprisingly few disturbances on polling-day, though in one village the crowd got out of hand and wrecked a polling-station. Indeed, the orderly behaviour of the Memellanders did them great credit, for the arrangements for voting were so intricate and so badly organized as to cause them great inconvenience. Each voter was given a book of voting-papers bearing the names of the 29 Einheitsliste candidates and the 159 candidates of the seven Lithuanian parties. These 188 names were printed six to each page in alphabetical order, with no indication to which party any candidate belonged, while no vote was valid if more than 29 names were handed in. This elaborate process was supposed to take ten minutes, but, in practice, many voters fumbled with their papers for at least half an hour, while queues waited for hours outside the polling-stations.

The new system of voting may have been chosen on purpose to put difficulties in the way of the Einheitsliste, but the break-down of the electoral organization was due as much to unintentional bad management as to any deliberate unfairness, and the Lithuanian authorities hastily took measures to straighten out the tangle. The polling-stations were kept open all the next day, at the end of which time 91.59 per cent. of the electorate had voted, in comparison with a poll of between 95 and 96 per cent. in 1932. Another member of the Einheitsliste was appointed to serve on the Electoral Commission, and, on the evening of the 30th September, the Lithuanian Governor stated that he would be prepared to discuss the reform of the electoral laws with the new Landtag.

As a result of the polling, 24 Einheitsliste candidates were elected as against 5 Lithuanians. The balance of parties was therefore the same as before, and the Lithuanian parties had not even gained

¹ See *The Times*, 28th September, 1935.

enough seats to enable them to obstruct the work of the Landtag by remaining absent from its sessions. Nevertheless, when the Bruvelaitis Directorate resigned on the 5th November, 1935, the day before the opening session of the new Landtag, Monsieur Kurkauskas made two attempts to form a Directorate under a President who did not belong to the Einheitsliste. Both attempts failed owing to opposition from that party, and, after firm representations had been made at Kaunas by the British Government, Monsieur Kurkauskas invited Monsieur Baldszus, a Lithuanian Memellander who had headed the poll for the Einheitsliste, to act as President. Monsieur Baldszus formed a Directorate all of whose four members belonged to his own party, and which duly received a vote of confidence from the Landtag on the 10th December. The new Directorate repealed the anti-Nazi measures which had been enacted by its predecessors and reinstated officials who had been dismissed for political reasons, until the Lithuanians began to fear that Memel was suffering a thorough course of Nazification. Meanwhile the Nazi extremists disapproved of Monsieur Baldszus for his moderation and the German Memellanders were still discontented with the policy of the Lithuanian authorities. They complained that the Law for the Defence of the State was still in force; that a special reserve of police was to be established under Lithuanian control; and that no Germans were appointed to serve on the new court which was to hear disputes arising out of the interpretation of the Statute. Moreover, most of the Nazis who had been sentenced at the treason trial were still in prison, and one of them had died there.

There was thus not much improvement in the relations between Memellanders and Lithuanians or between Lithuania and the Reich. Both sides were still dissatisfied and deeply suspicious as to each other's intentions. At the request of the Government at Kaunas, the British Government agreed to use their good offices in mediating between the two countries. On the 30th December, 1935, the British Ambassador in Berlin made inquiries as to whether the German Government would be willing to effect an exchange of political prisoners with Lithuania, and this suggestion was reported to be the first step in a wider attempt at conciliation. A proposal for releasing or exchanging the political prisoners was said to be under consideration by the Lithuanian Government at this time, but it had not been put into effect at the time of writing, though one more prisoner was released during April 1936. The next move towards a settlement came from the German Government, who, early in February 1936, declared themselves willing to discuss an extension of trade with

Lithuania. Negotiations were thereupon opened, but no agreement had been reached by the end of March, as difficulties had arisen over a German request for preferential quotas.

A further offer, this time of a political nature, was made by the Reich Government to Lithuania in their memorandum of the 7th March, 1936, regarding the re-militarization of the Rhineland.¹ In repeating their offer to conclude non-aggression pacts with states on the eastern borders of Germany, they expressly stated that 'as the Lithuanian Government' had 'changed to a certain extent their attitude towards the Memel Territory, Germany' renounced 'the exception she had made with regard to Lithuania and' declared 'herself ready to sign such a non-aggression pact . . . on the condition that a guaranteed autonomy of the Memel Territory' was 'put into effect'. This proposal, however, was put forward as a subsidiary part of the wider scheme for European security outlined by Herr Hitler at this time, and its chances of being put into effect would depend on the outcome of the general negotiations which were to take place among the Great Powers.

(d) RELATIONS BETWEEN POLAND AND LITHUANIA (1928-35)

The earlier and more acute phases of the feud between Poland and Lithuania, which had its origin in the occupation of Vilna by General Zeligovski in October 1920, have been described in previous volumes of this *Survey*,² where the narrative has been carried down to the end of the year 1927. During the period under review in the present volume the Polish-Lithuanian quarrel gradually ceased to constitute a standing menace to the peace of Europe, but the situation never became normal. Down to the time of writing these two neighbouring states had not entered into diplomatic relations with each other, and the frontier between them—or the 'administrative line', as Lithuania preferred to call it—remained closed to all except purely local traffic. Lithuania maintained her claim to the possession of the town and district of Vilna, while Poland rejected all attempts to reopen the Vilna question, though she declared herself ready to establish friendly relations with Lithuania on the territorial basis which had been established by General Zeligovski's *coup* and recognized by the Conference of Ambassadors on the 15th March, 1923.

So long as Lithuania was under the dictatorship of the fire-eating Monsieur Voldemaras, the tension in this region remained dangerously

¹ This will be dealt with in the *Survey for 1936*.

² See the *Survey for 1920-3*, pp. 248-56; the *Survey for 1925*, vol. ii, pp. 229-32; the *Survey for 1927*, pp. 235-47.

high. It was perhaps not surprising if the Lithuanians, with the experience of 1920 in their minds, suspected that Poland's hand was extended towards them in greed rather than in friendship; and Monsieur Voldemaras and his supporters seem to have feared that the establishment of normal intercourse with Poland would have laid the Lithuanian national spirit open to influences which might overwhelm it. It appears to have been the deliberate policy of Monsieur Voldemaras to foster hatred of Poland as a stimulus to the development of Lithuanian nationalism. In pursuance of this policy he resisted the pressure which was exercised upon him from Geneva, and managed to block the way to anything in the nature of a *détente* by refusing to lay the Vilna question on one side and seek a settlement of the practical problems of trade and communications.

After the downfall of Monsieur Voldemaras in September 1929 the attitude of the Lithuanian Government towards Poland became less provocative, but their policy in regard to the Vilna question remained fundamentally the same. The tension gradually relaxed, however, and in 1934, after a long interval of relative quiescence, the Lithuanian Government began to show signs of an inclination to place their relations with Poland upon a more normal footing. This change of attitude failed to produce any immediate concrete results, largely because the Vilna question, having been made the cornerstone of the Lithuanian national state, could not suddenly be dropped by a Government which found it desirable, in the light of current international developments, to seek a reconciliation with Poland.

In December 1927 a period of several months during which the Polish-Lithuanian dispute had taken on a particularly threatening aspect was brought to an end at a meeting of the Council of the League of Nations. The dictators of Poland and of Lithuania, meeting face to face at the Council table, agreed upon a formula for ending the 'state of war' upon the maintenance of which Lithuania had insisted hitherto. A Council resolution of the 10th December, 1927,¹ took note of mutual declarations that Lithuania no longer considered herself in a state of war with Poland, and that Poland fully recognized and respected 'the political independence and territorial integrity of the Lithuanian Republic'. The two Governments were recommended 'to enter into direct negotiations as soon as possible in order to establish such relations between the two neighbouring states as will ensure "the good understanding between nations upon which peace depends"'; and 'the good offices of the League and of its technical organs' were placed at their disposal if they desired them. It was

¹ See the *Survey for 1927*, pp. 246-7.

arranged that, in the event of a frontier incident or the threat of an incident, the Council's *rapporteur* on the Polish-Lithuanian question and the Acting President of the Council should consult together and should 'advise any steps' which they might consider 'necessary to bring about a better state of feeling'.

The Council's resolution of the 10th December, 1927, provided a solution for the immediate crisis in Polish-Lithuanian relations, but it did nothing to remove the underlying cause of the dispute. It avoided any explicit mention of the Vilna question, and merely placed it on record that 'questions on which the two Governments' had 'differences of opinion' were in no way affected by the terms of the resolution. It was the Council's hope that Monsieur Voldemaras's acceptance of the resolution signified that he was willing to let the Vilna question remain in abeyance, while reserving all Lithuania's rights, and that he was prepared to make a genuine attempt to come to terms with Poland on such matters as the removal of the barriers to direct communication between the two countries. Monsieur Voldemaras soon made it clear that he had no intention of doing anything of the kind. According to his interpretation, the Council's resolution 'practically annulled' the decision by which the Conference of Ambassadors had recognized Poland's occupation of Vilna, and he proceeded to take the line that a settlement of the Vilna question in a manner satisfactory to Lithuania was indispensable to the establishment of a 'good understanding' with Poland.

The Lithuanian tactics were to drag out the negotiations with Poland for as long as possible and to insist upon introducing Vilna into the discussions at every stage. After raising a number of preliminary difficulties, Monsieur Voldemaras agreed to meet the Polish Foreign Minister, Monsieur Zaleski, at Königsberg at the end of March 1928. The conference began on the 30th March, and on the 2nd April it adjourned without any appreciable change in the position of the two parties. The Poles produced draft conventions relating to the establishment of postal services and to traffic by rail and road, but the Lithuanians refused to consider them. Monsieur Voldemaras was not to be restrained from reviewing the whole quarrel over Vilna, and he put in a claim for compensation amounting to some \$10,000,000 on account of damages suffered by Lithuania as the result of General Zeligovski's *coup*. The Poles undertook to consider this claim, but reserved the right to formulate counter-claims on account of breaches of neutrality by Lithuania during the Polish-Russian war and damages caused by Lithuanian irregulars. Monsieur Voldemaras also laid stress on the question of political refugees, who, it was alleged, were

supported by Poland in their plots to overthrow the Government at Kovno. He insisted that the security of the Lithuanian state must be assured before other questions could be considered, but he was not interested in Monsieur Zaleski's offer to conclude a treaty of non-aggression. It was largely owing to the conciliatory attitude of the Polish Foreign Minister that the negotiations did not break down, but ended in the appointment of three commissions to continue the discussions. These commissions were to deal respectively with questions of security and indemnities; with postal and railway communications and economic questions; and with local frontier traffic and juridical questions.

The three commissions duly assembled during the summer of 1928, but the attitude of the Lithuanians precluded the possibility of real progress. The commission on security and indemnities met at Kaunas (Kovno) on the 7th May and remained in session for about a week. It met again in Kaunas at the end of June, but at the end of another week of fruitless discussion there was nothing to be done but register failure. The Lithuanians rejected Polish drafts of treaties of non-aggression and conciliation and arbitration on the ground that they assumed the permanency of the frontier between Lithuania and Poland; and the Poles refused to consider a Lithuanian counter-proposal. This was to the effect that all the territory between the present 'administrative line' and the frontier accorded to Lithuania by the Lithuanian-Russian Peace Treaty of 1920 should be recognized as in dispute; that there should be a demilitarized zone along the frontier; and that Poland should pay a special indemnity over and above the claims which had been formulated already and which Poland had met by counter-claims amounting to practically the same sum.

The other two commissions were also assembled during May 1928 in Warsaw and in Berlin and held further sessions in July. The Lithuanians continued to maintain that the establishment of direct postal and railway communications would be tantamount to recognizing the annexation of Vilna, and the only concrete result of the meetings was the conclusion of an agreement relating to local traffic across the 'administrative line' (which in some places cut estates in two, to the great inconvenience of the local population).¹ This agreement, moreover, did little more than give legal form to arrangements which were already in force. The Polish Government suggested that

¹ For the same problem of divided properties on the Yugoslav-Bulgarian frontier, see the *Survey for 1930*, p. 147; the *Survey for 1931*, p. 342; the *Survey for 1934*, p. 513.

another meeting of the plenary conference should be held before the sessions of the League Council and Assembly in September 1928, but the Lithuanians professed inability to attend on any of the dates which were proposed to them.

While the negotiations were dragging on, Monsieur Voldemaras did not refrain from provoking the Polish Government by word and by deed. On the 15th May, 1928, on the occasion of public festivities in celebration of the tenth anniversary of Lithuania's declaration of independence, he announced the Government's decision to amend the Constitution by inserting a clause proclaiming that Vilna was the capital of Lithuania. Of his many anti-Polish speeches, one of the most striking was delivered at the end of August 1928 to a mass meeting of peasants within twenty miles of the Polish frontier. On this occasion he declared that it was the first duty of a Lithuanian to bring about the unification of his country with Vilna as its capital.¹ The opening of negotiations in the spring of 1928 had temporarily relieved the situation along the frontier, but during the summer there were reports from both sides of frontier incidents and of the massing of troops near the border; and in the middle of July the Lithuanian Government protested to the League of Nations against the alleged intention of the Polish Government to hold their autumn military manœuvres in the neighbourhood of Vilna, which would, they declared, constitute a threat to peace. This complaint was dealt with by the procedure laid down in the Council resolution of the 10th December, 1927;² but the Acting President of the Council and the *rapporteur* (Monsieur Beelaerts van Blokland), having received assurances from the Polish Government that the Lithuanian allegations were unfounded, decided that there was no need for any action by the League. This question, therefore, was not included among the items relating to the Polish-Lithuanian dispute which figured among the agenda of the League Council at its fifty-first session in September 1928.

In the previous June the Council had taken note of the fact that the Polish-Lithuanian negotiations were making little or no headway, and members of the Council had made it clear that they held Monsieur Voldemaras responsible for the lack of progress. The Council's meeting had taken place while the impression created by the Lithua-

¹ At the beginning of August, a report that Marshal Pilsudski intended to address a meeting of Polish Legionaries at Vilna on the 12th August had aroused apprehension in Western Europe lest he intended to add fuel to the flames. When the time came, however, the Marshal confined himself almost entirely to subjects of a non-political and uncontroversial nature.

² See p. 266, above.

nian Government's amendment of the Constitution was still fresh. The Polish Government had already registered a formal protest against this proceeding; and the British member of the Council, Sir Austen Chamberlain, had taken the lead in warning Monsieur Voldemaras that if his Government persisted in their unreasonable attitude they would forfeit any claims to sympathy or indulgence from the Great Powers.¹ Monsieur Voldemaras, however, remained completely unmoved by admonitions of this kind, and during succeeding sessions of the Council he continued to put the patience of its members to a severe strain by his prolixity² no less than by his intransigence.

On the 8th September, 1928, the Council adopted a report by Monsieur Beelaerts van Blokland which pointed out that the 'good understanding' between Poland and Lithuania to which the resolution of the 10th December, 1927, had referred had not yet been established. The *rapporteur* noted that the negotiations had not yet been terminated, but he suggested that if they made

no appreciable progress, the Council would be failing in one of its essential duties if it allowed to continue indefinitely an abnormal state of affairs which might react most unfavourably, not only on the interests of the parties concerned, but also, and above all, on those of third parties. In such a case, the Council might order a very careful inquiry to be made into the difficulties which, in consequence of the Polish-Lithuanian dispute, injure the rights of third parties. This inquiry would be entrusted to experts, who would endeavour, if necessary by making investigations on the spot, and duly observant of the international agreements in force, to discover what practical steps could be taken within the bounds of present circumstances.

Monsieur Voldemaras accepted this report in principle, with the reservation that expert investigations would not be opportune so long as direct negotiations were still in progress. In order to postpone action by the League, he agreed with Monsieur Zaleski that another session of the plenary Polish-Lithuanian conference should be held at Königsberg at the beginning of November. When the conference met on the 3rd November, however, the Lithuanian delegates were as intransigent as ever. They refused to consider the possibility of opening the frontier to traffic, although Monsieur Zaleski offered

¹ Monsieur Voldemaras had received advice in the same strain from Sir Austen Chamberlain during a visit to London in May 1928.

² Monsieur Voldemaras's speeches before the Council were usually of inordinate length, and his subject-matter was not always noticeably relevant to the questions at issue. Monsieur Zaleski remarked on the 12th December, 1928, that the Lithuanian representative had given the Council 'an historical course, starting with the funeral customs of the Egyptians and finishing with the present day'.

to insert a clause in any agreement which might be concluded making it clear that the Lithuanian attitude regarding Vilna was not affected.

The only constructive contribution made by the Lithuanians to the discussions was a suggestion—which was promptly rejected by Poland—that Vilna should be placed under a special international administration. In these circumstances the only concrete result of the conference was the signature, on the 7th November, 1928, of the agreement regarding local frontier traffic. The Lithuanians also agreed that the Ministries of Commerce of the two countries might continue to exchange views on methods of carrying on commercial relations in the absence of direct communications,¹ but Monsieur Voldemaras failed in an attempt which he made in December to convince the League Council that this somewhat vague prospect of commercial conversations meant that the negotiations had not yet broken down.

On the 14th December, 1928, the Council considered a report by Señor Quiñones de Leon (who had been appointed *rapporteur* on Polish-Lithuanian questions in September, in succession to Monsieur Beelaerts van Blokland) and adopted two resolutions. The terms of the resolution of the 10th December, 1927, were recalled, and the Council appealed to the two parties to continue negotiations in the spirit of that resolution. The suggestion put forward by Monsieur Beelaerts in September was now formally adopted, and the League's Committee for Communications and Transit was asked to take up the question of communications between Poland and Lithuania and report to the Council

on the practical steps which might be adopted, account being taken of the international agreements in force, in order to remedy the situation . . . or to lessen its international repercussions.

The League machinery which was put into operation by this resolution worked slowly but thoroughly. During the year 1929 sub-committees of the Committee for Communications and Transit examined the situation exhaustively from the technical and juridical points of view, and detailed investigations were undertaken in Kaunas and Warsaw and along the 'administrative line'. The sub-committees

¹ In spite of the extremely adverse conditions, the volume of trade between Lithuania and Poland was substantial, and Lithuania was dependent to a large extent upon imports of certain essential products from Poland. During the first six months of 1928, for instance, four-fifths of Lithuania's imports of coal came from Poland, and from the same source she obtained about half her sugar and three-quarters of her salt. Other Polish products which found their way on to the Lithuanian market in considerable quantities were iron, cement, petrol and textiles. Lithuania's exports to Poland were of much less importance, Germany being her principal market.

had completed their inquiries by March 1930, but it was not until the following September that the report of the Committee for Communications and Transit was ready for transmission to the Council. The most important conclusions reached by the committee were that Lithuania was bound by her obligations under existing international treaties to open the Niemen waterway for timber traffic and to permit the resumption of through-traffic between Vilna and Kaunas by opening the railway between Landwarow on the Polish side of the administrative line and Kaisiadorys on the Lithuanian side. At its session in September 1930 the Council postponed consideration of the report until December. It was then informed that the question of timber-floating on the Niemen could be considered virtually settled, but that the Lithuanian Government contested the interpretation that they were obliged by treaties in force to open the Landwarow-Kaisiadorys railway sector for traffic. The Council therefore decided to ask the Permanent Court of International Justice for an advisory opinion on this question, and on the 15th October, 1931, the Court gave an opinion which—to the general surprise—upheld the Lithuanian contention. The Court ruled that none of the international engagements which had been brought to its notice¹ created for Lithuania the obligation to open the railway sector in question. This disposed of the matter from the juridical point of view, and Lithuania was placed under no further international pressure to open the Lithuanian-Polish frontier to railway traffic.

While the question of communications between Poland and Lithuania had been under examination by the organs of the League, the tension between the two countries had begun to relax. There was a good deal of friction during the first nine months of 1929, while Monsieur Voldemaras still held office in Lithuania. In May 1929 he refused to carry out the recommendations of a conference which had been held two months earlier, under the auspices of the Red Cross Organization, to deal with the question of an exchange of political prisoners. In June there was a recurrence of frontier incidents, and in July Monsieur Voldemaras complained to the Secretary-General of the League of Nations that the Polish Government were responsible for these incidents, and also accused them of complicity in an attack on his life which had been made in May. Both the Lithuanian note and the Polish rejoinder were decidedly acrimonious in tone, but

¹ These were Article 23 (e) of the Covenant of the League; certain provisions of the Convention of the 8th May, 1924, concerning Memel (see the *Survey for 1920-3*, Part III, section (ii) (3) (c)); and the Council's resolution of the 10th December, 1927.

the Acting President of the Council and the *rapporteur* decided that peace was not threatened and that no action was called for. On the 19th September, 1929, Monsieur Voldemaras found himself obliged to resign the offices of Prime Minister and Foreign Minister which he had held for nearly three years; and within a month of his resignation a notable improvement in the situation on the Polish frontier was reported. Lithuanian irregular troops who had been stationed near the 'administrative line' were withdrawn; the relations between frontier posts became less hostile; and the arrangements for local frontier traffic, which had been regulated by the Königsberg agreement of the 7th November, 1928, were said to be operating satisfactorily.¹

In November 1929 the new Lithuanian Foreign Minister, Monsieur Zaunius, declared in a public speech that the establishment of the Lithuanian capital at Vilna remained the supreme object of the Government's foreign policy, but under the new régime this object was pursued with much less ostentation. In January 1930 Monsieur Zaunius entered voluntarily into official contact with the Polish Foreign Minister by calling upon Monsieur Zaleski at Geneva; and during the next few months suggestions that the time had come for a radical change of attitude towards Poland began to find their way into the columns of the Lithuanian Opposition press. The hope that Lithuania might now be prepared to accept a *modus vivendi* with Poland proved to be premature, however. A frontier incident in May was followed by anti-Polish rioting in Kaunas, and in the middle of August 1930 the Lithuanian Government once more approached the League of Nations with a complaint against Poland.

In accordance with the Lithuanian request, the question of frontier incidents and of alleged breaches by Poland of the frontier traffic convention of the 7th November, 1928, was placed upon the agenda of the Council for its sixty-first session in September 1930. The Lithuanian Government suggested the appointment of a neutral commission to supervise the situation on the 'administrative line' and to mediate between the parties if incidents should occur. The Polish Government rejected this proposal, but offered to enter into negotiations regarding arrangements for dealing with frontier incidents. This was the course recommended by the Council, and it was accepted by Monsieur Zaunius, though with some reluctance.

The negotiations were opened in Berlin in the middle of December 1930 and were continued intermittently for some months, but with no result. In one sector the River Niemen formed the frontier between

¹ The agreement did not come into force officially until the 1st May, 1930.

Poland and Lithuania, and the Poles considered that if frontier incidents were to be avoided the question of traffic on the river must be regulated. Their suggestions for dealing with this problem and for settling any incidents that might arise were not acceptable to the Lithuanians, and in May 1931 Señor Quiñones de Leon was obliged to inform the Council that the parties had been unable to come to an agreement. He reported, however, that no incidents had occurred on the frontier for nearly a year, and in these circumstances the Council decided that it was unnecessary to do more than reaffirm that the procedure for dealing with frontier incidents laid down in the resolution of the 10th December, 1927, was still applicable if need arose.

During the years 1932 and 1933 there was an encouraging absence of serious crises, and there were also positive signs that the desire for a reconciliation with Poland was growing stronger in Lithuania. The Opposition campaign for a change in the Government's attitude gained adherents among the Government's supporters, and there were unofficial efforts to establish contact with Poles in the economic and intellectual fields. In November 1932 Monsieur Paderewski visited Kaunas and performed at a concert, and although he came in his capacity of musician and not in that of politician, the fact that the Lithuanian Government authorized his visit was generally considered to be of considerable significance. At the same time the Lithuanian Government did not refrain from drawing the attention of the world, when the opportunity arose, to the fact that they were not in normal relations with the Polish Government. They made a gesture of this kind in July 1933 when they refused to sign a multilateral convention for the definition of the aggressor to which Poland was a party, and instead concluded a separate convention with the U.S.S.R., whose Government were the authors of the project.¹

From the year 1930 onwards, while the Lithuanians exercised a certain restraint in their relations with Poland, they became ever more deeply involved in a quarrel with Germany over Memel.² Indeed, it was the deterioration in their relations with Germany which provided the most powerful motive for a reconciliation with Poland, for not even the pugnacious Lithuanians could feel quite comfortable if they were at loggerheads with two out of their three neighbours at once. During the period preceding the fall of Monsieur Voldemaras

¹ See the *Survey for 1933*, p. 182; the *Survey for 1934*, p. 411 n. Lithuania had made a similar gesture in 1929, in connexion with the signature of the 'Litvinov Protocol', anticipating the general treaty for the renunciation of war (See the *Survey for 1929*, pp. 68-9).

² See the *Survey for 1932*, Part IV, section (iv); the present volume, section (vii) (c) of this part.

the Poles had suspected both Germany and the U.S.S.R. of egging Lithuania on in furtherance of their own policy, and there was some evidence that the U.S.S.R., at any rate, would have regarded a termination of the Polish-Lithuanian feud with displeasure.¹ By July 1932, however, relations between Poland and the U.S.S.R. had improved sufficiently for the signature of a pact of non-aggression to be possible,² and from that time onwards the Lithuanians were obliged to reckon with the fact that they could no longer count on Russian support. The discomfiture of Kaunas was completed when, in January 1934, Germany and Poland signed a pact of non-aggression;³ for the German-Polish *rapprochement* removed the last hope that a Great Power might be moved by motives of self-interest to back Lithuania in her quarrel with Poland.

The immediate reaction of the Lithuanian Government to this change in the situation took the form of a removal of the obstacles which had hitherto prevented the entry of Lithuania into partnership with Latvia and Estonia in a Baltic Union. Lithuania no longer raised any objection to her partners' contracting out of any obligation to support her in her quarrels with Poland over Vilna and with Germany over Memel, and the tripartite pact which was finally signed on the 12th September, 1934, expressly recognized the existence of certain problems on which the parties might find it 'difficult to adopt a concerted attitude'.⁴ The Lithuanian Government were also stimulated into taking more active steps to promote a reconciliation with Poland. The Polish Government, for their part, were keenly interested in the year 1934 in the possibility of extending their influence over the Baltic states and keeping them out of the East European system of security which MM. Barthou and Litvinov were attempting to organize,⁵ and since their unsatisfactory relations with Lithuania presented the most serious obstacle to the fulfilment of this design, they were ready to meet any Lithuanian overtures half-way.

At the beginning of 1934 there had been signs of a renewal of

¹ In the summer of 1928 the German Government did their best to rebut the Polish accusations by joining with the British and French Governments in making representations to Monsieur Voldemaras against his intransigent attitude; but they offended the Poles, without soothing the Lithuanians, when they followed up this step by a *démarche* in Warsaw urging a friendly settlement.

² For relations between Poland and the U.S.S.R. see the additional note at the end of this section.

³ See the *Survey for 1934*, pp. 386-7; the present volume, pp. 60, 204 and 211, above.

⁴ For the negotiation of the Baltic Pact and the developments which led up to its conclusion, see the *Survey for 1934*, Part III B, section (ii).

⁵ See the present volume, section (iv) of this part.

friction. There were reports of the closing of Polish schools in Lithuania and of arrests of Poles in Lithuania and of Lithuanians in Poland, and in the middle of February there was an anti-Polish demonstration at Kaunas. During the spring, however, a number of prominent Lithuanians visited Warsaw, and some of them were known to have been received by Marshal Pilsudski. In June there was a return visit to Kaunas by one of Marshal Pilsudski's advisers, Colonel Prystor. In this informal exchange of views the Lithuanians were said to have put forward once more the suggestion that Vilna should be given autonomy, and the Poles were said to have rejected this idea but to have offered some autonomous rights and cultural privileges for Lithuanians in the Vilna district. Whether this report was correct or not, there was no immediate outcome from these conversations, nor were they resumed for some ten months. In the middle of April 1935 the Lithuanian Minister in Paris had an interview with Colonel Beck in Geneva, and at the beginning of May Major Lepecki, Marshal Pilsudski's personal aide-de-camp, visited Kaunas and discussed the possibility of a better understanding with leading politicians. On Marshal Pilsudski's death, a few days later, the Lithuanian Government made a conciliatory gesture by instructing their Consul-General at Memel to present condolences, and they also gave permission for the removal of the body of Marshal Pilsudski's mother from Lithuanian territory for burial at Vilna. In September a meeting was arranged at Geneva between Colonel Beck and Monsieur Lozoraitis, who had succeeded Monsieur Zaunius as Foreign Minister of Lithuania in March 1934. According to statements issued in both Kaunas and Warsaw, this direct official contact did not result in any change in the situation, but there was still reason to hope that a way out of the deadlock might be found.

By this time, however, the Poles were getting tired of these protracted efforts to come to an understanding with a neighbour who would not or could not pay the price which they asked for their friendship. The Lithuanians no longer insisted, as in the days of Monsieur Voldemaras, that there could be no *modus vivendi* with Poland without the return of Vilna, but they were still not prepared to abandon their claim to territory which the Poles considered indisputably Polish. Nor were the Poles now inclined, apparently, to make concessions to the Lithuanians in the matter of autonomous rights in the Vilna district; and in the early months of 1936 there were complaints that the Lithuanian minority in Poland was suffering from oppressive measures such as the closing of schools. The hardening of Polish opinion towards Lithuania, which had become very noticeable

by the end of 1935, was largely due to the suspicion that the Lithuanians had aided and abetted the Ukrainian Nationalists who had assassinated the Polish Minister for the Interior, Monsieur Pieracki, in June 1934. The trial of a number of Ukrainians who were accused of this crime began in the middle of November 1935, and the evidence was said to have afforded proof that the former Lithuanian Foreign Minister, Monsieur Zaunius, had subsidized the Ukrainian Nationalist movement and had supplied individuals with false passports. On the 15th January, 1936, a speech in which Colonel Beck, the Polish Foreign Minister, gave the Sejm his annual review of Polish foreign policy contained a decidedly hostile reference to Lithuania. If, said Colonel Beck, Lithuania continued to support terrorist action in Poland, the Polish Government would be obliged to recognize her 'as an element dangerous to peace'—a reference which was taken to mean that Poland was thinking of bringing the Polish-Lithuanian question once more before the Council of the League of Nations.

In view of this change in the Polish attitude it was of little avail for Lithuanian statesmen to adopt a conciliatory attitude and to declare that they were ready to seek a *modus vivendi* with Poland even if normal relations could not yet be established.¹ In the spring of 1936 the Vilna question might seem trivial and unimportant in comparison with the tremendous problems which were engaging the attention of the world, but it was still a live issue, and there was no immediate prospect of a solution which would enable Poland and Lithuania to remove an element of instability from the European scene by placing their relations upon a normal basis.

Note on Relations between Poland and the U.S.S.R. (1928–35)

In the year 1926 proposals for a bilateral non-aggression pact had been made to Poland by the U.S.S.R., but the negotiations had been broken off by the crisis which arose over the assassination of the Soviet Minister in Warsaw, Monsieur Voykov, in June 1927,² and they were not resumed for several years. At the end of 1928, however, the Soviet Government approached the Polish Government again with the suggestion that Poland should become a party to a protocol which was designed to bring the Treaty of Paris for the Renunciation of War into force, in advance of general ratification, as between the U.S.S.R. and neighbouring countries. The Polish Government, after some searchings of heart, accepted this proposal, and Poland was among the signatories of the 'Litvinov Protocol' of the 9th February, 1929.³

¹ A statement to this effect was made by the Lithuanian President, Monsieur Smetona, in a public speech towards the end of March 1936.

² See the *Survey for 1927*, Part II D, section (iii).

³ See the *Survey for 1929*, Part I A, section (iv).

Although the Polish and Russian Governments thus explicitly renounced any intention of making war upon each other in furtherance of national policy, their relations continued to be unsatisfactory. The Soviet Government complained that the Polish authorities did not exercise adequate control over the activities of White Russian *émigrés* and other persons hostile to the Soviet régime. In May 1928 the Soviet Government had registered a strong protest when an official attached to the Legation in Warsaw was wounded by an *émigré*; and they protested again in June 1929 against alleged Polish participation in the celebration by *émigrés* in Warsaw of the anniversary of Georgian independence. In April 1930 a bomb was discovered in the Soviet Legation building in Warsaw, and although the guilty person on this occasion had apparently only intended to make a demonstration, since the bomb was not of a nature to do grave damage, the Soviet authorities took the incident seriously. On the Polish side there were allegations of subversive activities by Communists, and of the participation of the Soviet Government in the propagandist activities of the Third International; while accusations of espionage were common on both sides. There were also occasional incidents on the frontier; and although these were generally settled by negotiation, they helped to keep feelings of hostility alive.

During the years 1928–31, however, commercial relations between the two countries were steadily developing, with a favourable balance for Poland, although they were not regulated by a treaty, and by the middle of 1931 both Poland and the U.S.S.R. were beginning to attach importance to a *rapprochement*, in view of the rapid development of the National-Socialist movement in Germany. Towards the end of August 1931 the negotiations for a pact of non-aggression were resumed—this time on Polish initiative—and a pact of three years' duration was initiated on the 25th January, 1932, and signed on the 25th July, 1932. (The delay of six months before signature was caused by the Polish hope that negotiations between Russia and Poland's ally, Rumania, for a similar agreement might be concluded before Poland entered into engagements towards Russia, but this hope had finally to be abandoned.) The terms of the pact provided for the signature of a treaty of conciliation, and this was duly concluded on the 23rd November, 1932.

During the year 1933 it appeared as if Poland had definitely embarked upon the policy of co-operation with the U.S.S.R. In April the Soviet Minister was received by Marshal Pilsudski—a distinction which was rarely accorded to members of the Diplomatic Corps in Warsaw and which had special significance in view of the Marshal's well-known sentiments towards Russia. During the summer there were exchanges of visits between air missions and between journalists, and Monsieur Radek, the editor of *Izvestia*, was among the prominent visitors to Poland from Russia. The Polish Government made a friendly gesture by sending to Moscow certain documents and letters which Lenin had left behind in Galicia on his departure for Switzerland in August 1914; and the Soviet Government responded by sending to Marshal Pilsudski the *dossier* of documents relating to the Marshal's revolutionary activities which had been collected by the police under the Tsarist régime. At the end of October 1933 a certain strain was imposed on the new Polish-Russian friendship by the assassination by a

Ukrainian of an official at the Soviet Consulate at Lwow, but this incident was settled without the recriminations which had been customary on similar occasions in earlier years.

The signature of the German-Polish pact of non-aggression on the 26th January, 1934, marked a new turn in Poland's foreign policy. The suspicions which were aroused in Moscow when the news of the German-Polish pact was received were at any rate partially dispelled by explanations from Colonel Beck, who visited Moscow in the middle of February. (It was an illustration of the state of affairs to which the Polish-Russian *détente* had put an end that Colonel Beck's visit was said to be in return for that which Monsieur Chicherin had paid to Warsaw over eight years earlier, in September 1925.) Relations between Poland and Russia continued to be officially friendly for some months. After Colonel Beck's visit the Legations in the two capitals were raised to the rank of Embassies, and on the 5th May a protocol was signed prolonging for ten years the pact of non-aggression of the 25th July, 1932. An important clause of this protocol related to the note of the 25th September, 1926, from the Soviet Government to the Lithuanian Government, in which the Soviet Government had declared that they did not recognize the Polish occupation of Vilna.¹ This note was now interpreted in the sense that it was not the intention of the Soviet Government to intervene in the settlement of Lithuanian-Polish territorial questions. In the summer of 1934 there was another visit by a Russian air squadron to Warsaw, and there was also an exchange of naval visits.

The maintenance of formally good relations, however, did not prevent the revival of feelings of hostility, and these became more marked with the progress of the German-Polish *rapprochement* and the simultaneous deterioration in German-Russian relations. By the summer of 1935 the Soviet press had become once more sharply critical of Poland and Polish affairs, and in August journalistic relations were terminated when the Polish press correspondent in Moscow was expelled—on the ground that his attitude was hostile to the U.S.S.R.—and the Polish authorities retaliated by cancelling the permit of the representative of the Tass agency in Warsaw. In September, during the session of the League Assembly at Geneva, there was an acrimonious exchange between Colonel Beck and Monsieur Litvinov, when the Polish Foreign Minister took amiss some remarks made by the Soviet Commissar for Foreign Affairs on the subject of bilateral pacts of non-aggression of the type favoured by Germany. It was evident that, in the new state of tension in Europe, Poland would not be able to maintain friendly relations with both Germany and the U.S.S.R., and it appeared that circumstances might soon force her to make a definite choice between the rival armed camps.

(e) RELATIONS BETWEEN POLAND AND CZECHOSLOVAKIA (1925-36)

The increase of tension between Poland and Czechoslovakia which first became noticeable in the spring of 1934, and which showed no sign of diminishing at the time of writing, more than two years later, was not one of the more sensational of the many changes in the

¹ See the *Survey for 1927*, p. 225.

European political situation which followed directly or indirectly from the resurgence of Germany. Its interest lay rather in its close connexion with more important problems, such as the possibility of the eastward or south-eastward expansion of Germany, or of changes in the policy of the successor states and especially of Poland. Moreover, the chief outward signs of this tension were a dispute over the possession of Teschen—a district whose strategic value and proximity to both Poland and Germany might well entitle it to be considered a danger-spot—and the increasing anxiety on the part of the Polish Government lest a *rapprochement* between Czechoslovakia and the Soviet Union might result in a partial encirclement of Poland and in a threat to that other danger-spot, Eastern Galicia.

On the other hand, this 'Ruthenian Corridor' question was closely involved with the problems of the future of the Little Entente and the desire of Hungary for a revision of her frontiers. These issues would be raised more directly still if the policy of the Polish Government ever came to be influenced by the unofficial schemes which were already being put forward in Poland for the return of Ruthenia and Slovakia to Hungary and for the weakening of Czechoslovakia by the severing of all her territorial and juridical connexions with Jugoslavia and Rumania.

In the *History of the Peace Conference*,¹ and in previous volumes of this series,² some account has already been given of Czechoslovak-Polish relations from the time of the peace settlement down to the year 1925. It may, however, be recalled here that, in spite of the apparent likeness between these two successor states, both of which were founded by races of Slavonic origin and both of which belonged to the anti-revisionist group of states under the leadership of France, there had been, in reality, many far-reaching differences in their outlook and policy even during the early years of the 'post-war' period.³

For instance, both states stood in a similar position with regard to Germany in the matter of general post-war problems such as disarmament or treaty revision, but this likeness did not extend to their relations with her as a neighbour. Czechoslovakia, in contrast to Poland, had acquired hardly any territory at the expense of Germany, and though there was a large German minority in the formerly Austrian provinces of Bohemia, Moravia and Silesia, the treatment of this minority, at least until the 'post-war' period was drawing

¹ See *The History of the Peace Conference of Paris*, vol. iv, Chapter VI, Part I.

² See the *Survey for 1920-3*, Part III, pp. 209-12, 281-2, 299; the *Survey for 1924*, Part II B, section (vii); the *Survey for 1925*, vol. ii, p. 31, and Part II D, section (ii).

³ For a definition of the 'post-war' period see the *Survey for 1934*, p. 322.

to a close, gave rise to fewer disputes and to less ill feeling than did that of the German minority in Poland. The Czechoslovak Government were therefore free to concentrate their attention on the problems of the Danube Basin and, above all, on frustrating the revisionist aspirations of Hungary. This latter policy was not one for which they could hope to obtain the co-operation or even the sympathy of Poland. In the first place, the maintenance of the *status quo* south of the Carpathians was not considered to be a direct interest of Polish foreign policy, and, in addition to this, Polish opinion was in no way hostile to Hungary, since there were no disputed frontiers or memories of partition or conquest to outweigh the traditional friendship between the two countries. Moreover, the aristocrats, who still enjoyed considerable power in Poland, together with those Poles of all classes who were under the influence of the 'legionary' spirit of the Pilsudski régime, felt much more in sympathy with the Hungarians than with the Czechs. They were, indeed, inclined to despise the latter as a grasping and bourgeois race, inhabiting a country far inferior in status to their own beloved Poland whom they believed to be at last about to fulfil her divinely appointed mission as a Great Power. (The Czechs, for their part, were apt to give way to a corresponding prejudice against the clerical and aristocratic traditions of Poland.) On the other hand, if Poland was unwilling to be drawn into an anti-Hungarian bloc, Czechoslovakia was equally unwilling to commit herself to the support of Poland in all the circumstances which might arise from the adventurous policy of that country, and from her precarious position between Germany and Russia.

One of the chief obstacles to the establishment of closer relations between Czechoslovakia and Poland lay, in fact, in a long-standing difference of policy with regard to Russia, which had its origins in the different circumstances of their struggle for national independence. The alien rule from which the Czechs and Slovaks had desired to free themselves was that of the Hapsburg Empire. It was therefore natural that they should have seen themselves as Slavs fighting for the right of self-determination against Germans and Hungarians, and that they should have been attracted by Pan Slavism and should have put their hopes in Russia both as the strongest Slav Power and as the opponent of Austria-Hungary, though this enthusiasm had been to some extent discouraged by the criticisms of the 'realist' school of historians headed by Dr. Masaryk himself. The Poles, on the contrary, had felt far less hostility towards Austria-Hungary than towards Russia, who was not their protector but one of their oppressors; and to them Pan Slavism had meant nothing but a pretext for

Russification. During the early years of the General War of 1914-18 the Czech and Slovak Nationalists' policy of unceasing opposition to Austria-Hungary, in particular by means of encouraging desertions from the Army, brought them into conflict with the Polish legions recruited by Pilsudski, which were at that time fighting against Russia in co-operation with the Central Powers and whose members were to play an important part in the political life of Poland after the war. Again, when the Poles took up arms once more against Russia in the summer of 1920, the Czechoslovak Government gave them fresh occasion for resentment by objecting to the despatch of reinforcements to Poland from Hungary and by prohibiting for a time, in response to Socialist and Communist pressure, the transport of munitions across their territory. When Lord D'Abernon and General Weygand, who were in charge of the Anglo-French Mission to Poland, passed through Prague on the 24th July, 1920, President Masaryk went so far as to warn them not to organize military assistance for the Poles as their position was hopeless.

The improvement in Russo-Polish relations which was to be observed throughout the twelve years following the war of 1920 did not allay Polish fears that Russia might some day threaten Poland again, either by encouraging social revolution or by promoting irredentist movements in those White Russian and Ukrainian districts which had been ceded to Poland by the Treaty of Riga of the 18th March, 1921. This threat would obviously be much more dangerous if Russia were to be able to count on the help of Czechoslovakia, for in that case Poland would be threatened all along her southern frontier, since the easternmost Czechoslovak provinces of Slovakia and Ruthenia formed a 'corridor' separating Poland from Hungary and only separated from Russia by part of Eastern Galicia, the majority of whose inhabitants were of the same race as the Czechoslovak Ruthenes and the Ukrainians of the Soviet Union. An attack from this 'Ruthenian Corridor' might have equally unpleasant consequences for the Poles, whether they were defending themselves against a Russian invasion or whether they were themselves setting out on another adventure into the Russian Ukraine. Remote though these alarming possibilities might appear to be, those Poles who bore a grudge against the Czechoslovaks (and particularly against the Czech element in the composite Bohemian-Carpathian state) for 'betraying them to the Russians' on past occasions, were already noticing that the dislike which most of the Czechoslovaks felt for Bolshevism had by no means quenched their sympathy for Russia, and that though the Czechoslovak Government were slow to enter into close relations

with the Soviet Union, and did not grant its Government recognition until thirteen years after the Polish Government had done so, they showed great disinclination to be drawn into any disputes which arose between it and their East European neighbours. Moreover, if there were ever to be a change of régime in Russia, it would be more favourable to a *rapprochement* with Czechoslovakia than to a reconciliation with Poland, as that country had as much to fear from any return to an Imperialist or Panslavist policy as from the continuation of Communist propaganda. Certain sections of Polish opinion therefore continued to regard Czechoslovakia with suspicion throughout the post-war period. For instance, in February 1931, at a time when there was serious unrest in Eastern Galicia, rumours appeared in a Cracow newspaper to the effect that the chief of the Czechoslovak General Staff had been staying incognito at Užhorod in Ruthenia making plans for a treacherous attack upon Poland in the event of a revolution actually breaking out.

The peace settlement which restored Poland and Czechoslovakia to the rank of sovereign national states left them at the same time with a territorial dispute over the partition of the Duchy of Teschen.¹ The economic value of this territory was considerable, since it contained the rich Karvin coal-field, an important centre of the iron and steel industry, and several intersections of roads and railways where the lines of communications running southwards from Berlin and Breslau towards Budapest met those running north-east through the 'Moravian Gate' into Poland. On historical and economic grounds the Czechs had a strong claim to Teschen, since it had formed part of the 'lands of the Bohemian Crown' since the fourteenth century (though till 1625 the Duchy continued to be held by a branch of a former royal family of Poland), and since Czechoslovakia was less well provided with coal-fields than Poland. Moreover, Czechoslovakia had a special interest in the line of railway running southwards from Oderberg over the Jablunka Pass, which was the most important of the four lines traversing the mountains that separated Slovakia from the Czech lands to the north. The Poles, on the other hand, claimed three out of the four districts into which Teschen was subdivided on the ground that, according to the Austrian census of 1910, 54.85 per cent. of the population, or 233,850 persons out of 426,370,² were Polish-speaking, while 76,916 (18.04 per cent.) spoke German, leaving

¹ For a full account of events in Teschen up to the time of the partition of the district on the 28th July, 1920, see the *History of the Peace Conference*, vol. iv, Chapter VI, Part I.

² These figures are taken from *op. cit.*, p. 351.

only 115,604 (27·11 per cent.) who spoke Czech. The Polish majority, however, included large numbers of Galician Poles, who had come to find work in this industrial district since the middle of the nineteenth century, and of native Silesians or Šlonzaks, who spoke a dialect intermediate between Czech and Polish. The Šlonzaks had come under the influence of the Polish national movement at the time of the revolution of 1848, and it was not until some thirty years later that Czech Nationalists began to gain ground in Teschen.

The arrangements for a provisional frontier following the ethnographic boundary, which had been agreed upon by local nationalist organizations in November 1918, proved unworkable, and on the 23rd January, 1919, Czechoslovak forces invaded the Polish area and occupied a large part of it. The question remained unsolved at the close of the Peace Conference and was referred to the Supreme Council, which began by making preparations for taking a plebiscite but subsequently decided to instruct the Conference of Ambassadors to draw up an award settling all outstanding frontier disputes between Poland and Czechoslovakia, including the minor disputes over the partition of the mountain districts of Zips and Orava.¹

By this award Czechoslovakia received the greater part of Teschen, including all the existing coal-mines, the Oderberg-Jablunka railway and the western suburbs of the town of Teschen itself, while the Poles received the rest of the town and the agricultural districts east of the River Olsa, where the coal-field had not yet been developed and where there were hardly any Czechs at all. Both disputants accepted the award on the 28th July, 1920, but in after years the Poles were apt to take the view that the settlement had been a 'dictated' one, since it had been negotiated at a crucial moment of the Russo-Polish War, when they were not in a position to obtain better terms.

As a result of the award, the Czechoslovak Government and the Czech majority which were at that time just entering on the task of building up the new state were faced with the problem of the presence of a large foreign minority in a frontier district which they had only recently acquired, and to the possession of which they attached great value. It is not surprising that there should have been complaints from Poles both in Teschen and in Poland that the Prague Government, and to a still greater extent the local Czech officials, were carrying out a policy of 'denationalization'. In particular it was alleged that in the years immediately following the partition of the territory the Polish language was not admitted to official use, Polish Communal Councils were replaced by an administration nominated

¹ See *op. cit.*, pp. 364-6.

by the Central Government, and difficulties were continually being put in the way of Poles who wished to obtain Czechoslovak citizenship, while the extreme Czech Nationalists were accused of taking the view that the Teschen Poles were not Poles at all but 'Polonized Moravians' who must be brought back to the Czech fold whether they liked it or not.¹ The Poles also complained that they were not allowed enough schools; that an unnecessary number of Czech schools were provided, and that Polish parents were forced to send their children to them even when Polish schools were available; that Polish clergy were frequently replaced by Czechs; and that in some cases churches were taken from the Roman Catholics and placed at the disposal of the Czech National Church.² The extent to which many of these latter allegations were justified depended on the vexed question of whether the number of Poles who possessed Czechoslovak nationality, and were thus entitled to protection under the Minorities Treaty, approached more closely to the Czechoslovak official figure of 69,967³ or to the Polish estimate of at least 125,000. The Poles accounted for the discrepancy by asserting that in 1921 and again in 1930 the Czechoslovak authorities had deliberately carried out the census in such a way as to give a false estimate of the population. The problem was still further complicated by the fact that the Silesians were claimed by either side as fellow countrymen.

However well founded these grievances may have been, their redress was not sought with sufficient energy by the inhabitants of Teschen themselves, or by the Government and public opinion of Poland, for Teschen to become a source of conflict in any way comparable to Danzig or Memel or even to the situation of the Poles in Germany. This may, of course, have been because the Poles were at that time unwilling to play into the hands of the Germans by stirring up trouble between Poland and Czechoslovakia. In any case, the majority of the population seem to have settled down comparatively contentedly under Czechoslovak rule, and those among them who were active nationalists were more interested in preserving the individuality of the Polish minority within the Czechoslovak state than in taking

¹ See the *Messenger Polonais*, 7th August, 1930.

² The partition of Teschen had also been to the disadvantage of the only large body of Polish Protestants, half of whom lived outside the new frontier.

³ This is the figure given for Silesia (i.e. Teschen and the small district of Hlučín which had originally belonged to Germany) on p. 8 of the *Aperçu Statistique* published by the Czechoslovak Statistical Office in 1930. The *Annuaire Statistique* published by the same department in 1934, which does not give separate figures for Silesia, estimates the total Polish population of the united provinces of Moravia and Silesia at 72,217 in 1921 and 79,450 in 1930 (*Annuaire Statistique de la République Tchécoslovaque*, p. 11).

part in irredentist agitation which could have no immediate prospect of success. With this end in view, societies were organized for the development of education and agriculture, and political parties were founded. These returned one member to the Chamber of Deputies in the elections of 1925 and were able, by joining forces with the Jewish parties, to return two members in the elections of October 1929. In the elections of the 19th May, 1935, the Polish Catholics joined forces with the Slovak People's Party led by Father Hlinka and with the Ruthenian Home Rule Party, and one of the Polish candidates was elected. A Polish Socialist was also nominated on the Czechoslovak Social-Democratic list, but he was not elected. Minor disputes continued to arise over educational and religious matters and over the difficulty of obtaining naturalization, and there was a certain amount of objection to the administrative reform law of 1927 which brought the independent existence of Silesia to an end by uniting it in one province with Moravia. Nevertheless, even Polish observers were ready to admit, during the latter part of this period, that the treatment of their fellow countrymen in Teschen was increasingly satisfactory.¹

The settlement of the Javoržina dispute in 1924² and the signing, on the 23rd April, 1925,³ of an arbitration and conciliation treaty, a commercial convention and a 'liquidation convention' regarding minorities and the partitioned territories was followed by a decided improvement in Czechoslovak-Polish relations. This improvement was for some time characterized more by an avoidance of conflicts than by an active tendency towards co-operation. By the turn of the years 1932 and 1933, however, the two countries seemed inclined to draw closer together as a result of the alarming political developments which had accompanied the World Economic Depression and, in particular, in view of the growth of the German National-Socialist movement.

The first effect of the actual establishment of the Nazi régime in Germany was to encourage this tendency to *rapprochement*. As early as the 3rd February, 1933, conversations took place at Geneva between Dr. Beneš and Colonel Beck, the newly appointed Foreign Minister of Poland, in the course of which Dr. Beneš was understood to have suggested that a pact of friendship should be negotiated. The Czecho-

¹ See the *Messenger Polonais*, 4th October, 1928.

² See the *Survey for 1924*, pp. 457-8.

³ See the *Survey for 1925*, vol. ii, pp. 248-9. The arbitration treaty and liquidation convention were published in the *League of Nations Treaty Series*, vol. 48, pp. 287-395. For the commercial convention see *op. cit.*, vol. 58, pp. 9-95.

slovak Government were also considering the possibility that Poland might be willing to enter into the Little Entente Pact¹ which was signed on the 16th February and which was in fact stated to be open for the adherence of other states—subject to conditions to be agreed upon in each particular case. The Little Entente states do not seem to have addressed any open invitation to Poland while the pact was under negotiation, but shortly after it had been signed a leading Czechoslovak politician, Dr. Hodza, at that time Minister for Agriculture, speaking at Kosice in the last week of February, urged the entry of Poland into the pact on the ground that this would mean the organization of 80,000,000 people against Imperialism on the one side and against Bolshevism on the other. A similar suggestion was put forward with more authority, though in a more indirect way, by Dr. Beneš himself when he submitted the Little Entente Pact to the Czechoslovak Parliament for approval on the 1st March.² On this occasion he went out of his way to refer to the steady improvement in Czechoslovak-Polish relations and to express his confidence that this improvement would be a lasting one, even apart from the special possibilities of collaboration which were available for both parties—an allusion which might be understood to refer either to the Little Entente Pact or to his own proposal for a bilateral pact of friendship. The Polish Government, for their part, were not unfriendly in their comments on the Little Entente Pact, though they continued to be of the opinion that it would not be advisable for Poland to enter into it since her interests lay more in the direction of the Baltic than in that of the Danube.

At this point a fresh impetus was given to the *rapprochement* by the proposal for a Four-Power Pact³ put forward by Signor Mussolini on the 18th March, 1933, since the Poles were no less determined than the Little Entente states in their resistance to a plan which, in its original form, implied the enforcement of treaty-revision by the Great Powers at the expense of smaller successor states such as their own. On the 27th March it was announced that Colonel Beck would set off early in April on a round of visits to Prague, Belgrade and Bucarest, and it was understood that the Polish Government had taken the initiative in arranging this journey. Dr. Beneš thereupon took the opportunity of a speech on the Four-Power Pact,⁴ which he delivered before both houses of the Czechoslovak Parliament on the 25th April,

¹ See the *Survey for 1933*, Part II, section (ii), pp. 202-6.

² Text of his speech in the *Prager Presse*, 2nd March, 1933.

³ See the *Survey for 1933*, Part II, section (ii), pp. 206 *seqq.*

⁴ Text in the *Prager Presse*, 26th April, 1933.

to make a fresh appeal for co-operation between Poland and the Little Entente and to declare openly that the Czechoslovak Government intended to seek an agreement with Poland 'on the principles of a policy of eternal and lasting friendship'.

These advances were not, however, destined to meet with a favourable response. Colonel Beck found it necessary to postpone his visits to the Little Entente capitals, and by the beginning of June no definite announcement had been made with regard to the date of his journey. By this time the conflicting currents of Central European affairs and of Polish opinion were already much less favourable to the prospects of Czechoslovak-Polish co-operation. For one thing, the two states were no longer drawn together by their common opposition to the Four-Power Pact. The Polish Government were still bitterly opposed to the pact because they thought that it denied Poland the right to the status of a Great Power, and they were therefore inclined to resent the action of the Little Entente Governments in accepting it even in its modified form.

In addition to this, however, important changes were taking place in the foreign policy of Poland which were making the formation of a Czechoslovak-Polish entente increasingly improbable. If the Poles had always been unwilling to join an anti-Hungarian entente, they were now growing more reluctant to join one directed against Germany. In the first week in May conversations were already taking place between the Polish Ambassador in Berlin and representatives of the Reich Government, and in the autumn of the same year negotiations were undertaken which resulted in the signing of a non-aggression pact on the 26th January, 1934.¹ This pact was favourably received in Czechoslovakia in so far as it seemed to lessen the risk of any immediate conflict between Germany and Poland or to suggest that the Nazi Government were ready to accept even a temporary stabilization of the *status quo*. On the other hand, it was feared by the Czechs that Herr Hitler might only have renounced his policy of expansion in the north-east in order that he might pursue it, with less possibility of interruption, in the south-east, at the expense not only of Austria but possibly of Czechoslovakia as well. The misgivings felt by the Czechoslovak Government lest Poland might be drifting out of the orbit of France into that of Germany were increased by the fact that the Polish Government had never informed them that a non-aggression pact was under negotiation. They also considered that there was

¹ For an account of the German-Polish *rapprochement* see the *Survey for 1933*, pp. 185-6; the *Survey for 1934*, pp. 327-8, 341 *seqq.* and section (vii) (a) of this part of the present volume.

an ominous contrast between the behaviour of the Polish Government and the answer which they themselves had given when the German Government had made them a similar proposal in the previous November. On that occasion they had refused to enter into negotiations without the consent of Poland in addition to that of France, Yugoslavia and Rumania, and they had also taken the view that, in the absence of any specific dispute with Germany, the obligations of the League Covenant and of the Kellogg Pact were a sufficient guarantee of peace, and that there was thus no need for a special agreement which might lead to an estrangement from France.¹

Whether Marshal Pilsudski and his Government of Colonels were actually harbouring any sinister designs against Czechoslovakia, or whether they merely wished to accustom public opinion to their newly established reconciliation with Germany by promoting Czechoslovakia to the position of public enemy formerly held by that country, the signing of the German-Polish non-aggression pact certainly coincided with the opening of a campaign of propaganda in defence of the Polish minority in Teschen. The first demonstration of this kind took place, it is true, in the district itself, where a meeting was held on the 28th January, 1934, to commemorate the fifteenth anniversary of the Czech occupation. Nevertheless, though the chief speaker on this occasion was a local man, the mayor of Polish Teschen, the cause of the Teschen Poles was immediately taken up by the Government press and news agencies in Poland, while Opposition newspapers, both of the right and of the left wing, were less ready to take part in the campaign and frequently criticized the Government's policy. In Teschen itself the Socialists took up a more cautious attitude than the other parties and made repeated declarations of loyalty to the Czechoslovak Government. It is difficult to say how far the campaign was a political manoeuvre or to what extent it was justified by any changes in the situation in Teschen. The Czechoslovak Government were, it is true, becoming increasingly nervous of irredentist movements and threats to their frontiers, and it is possible that they may have been treating their minorities less well in consequence. Nevertheless, in the early stages of the campaign, the Poles do not seem to have complained so much of any recent measures which the Czechoslovak Government might have taken to keep their hold on the district as of the policy which they were alleged to have pursued ever since they had been in possession of it.

The Czechoslovak press, in its turn, vigorously denied these Polish allegations that the inhabitants of Teschen were treated as 'second-

¹ See also footnote on pp. 68-9, above.

class citizens', or that they were deprived of freedom of education or of religious worship in any of the ways of which mention has been made earlier in this chapter.¹ It was pointed out that the Polish organization for promoting the development of schools in foreign countries, whose executive committee included such important official personages as the Marshal of the Senate and the Voivod of Warsaw, had quite recently issued a report commenting favourably on the situation in Teschen.² It was also suggested that the growth of irredentist feeling in Teschen was largely due to the encouragement which it received from across the frontier. The Polish Consul at Moravska-Ostrava, Monsieur Malhomme, was accused of taking part in intrigues of this kind, and the Czechoslovak Government eventually asked that he should be recalled.

By March 1934 the press campaign had become more violent and was being accompanied by other manifestations of hostility on both sides. On the 11th March Czech Nationalist organizations held a demonstration on their side of the frontier, and ten days later the Polish political parties replied to this by holding a meeting of protest against the 'denationalization' policy of the Czechoslovak Government. Meanwhile the Czechoslovak Government had prohibited the entry or sale of a Cracow newspaper, and a party of Polish students and members of the Legion of Youth had broken the windows of the Czechoslovak Legation in Warsaw. Three Polish nationals had also been arrested in Teschen for making seditious remarks or prophesying a Polish invasion. They were eventually acquitted, but not before the Polish Government had retorted by prohibiting the sale of three Czech newspapers and ordering the expulsion of twenty-one Czechoslovak citizens. Representations were made by the Czechoslovak Government, but without effect; and the Polish Government were unwilling to accept suggestions that the dispute should be referred to the League of Nations or to either of the commissions set up by the arbitration and liquidation treaties of 1925.

Though this particular outburst of hostility died down in the course of April, relations between the two countries remained uneasy. When

¹ See pp. 284-5, above. The question is discussed from the Polish point of view by the Warsaw correspondent of *The Manchester Guardian* on the 19th November, 1935. See also W. Eypacewicz; *Polish-Czech Relations* (Warsaw, 1936, Polish Institute for Collaboration with Foreign Countries). For an impartial account of the dispute see Victor L. Tapié: *Le Pays de Teschen et les rapports entre la Pologne et la Tchécoslovaquie* (Paris, 1936, Centre d'Études de Politique Étrangère).

² This piece of evidence in favour of the Czechoslovak case is not taken directly from a Czech source but from a French periodical, *Le Monde slave*, April 1934, p. 103.

Dr. Beneš next had occasion to refer to his proposal for a Czechoslovak-Polish Pact of Friendship, in the course of a general survey of foreign policy which he made on the 2nd July, 1934, he had to admit that the chief obstacles to the negotiation of such a pact did not lie in local disputes between the two countries but in their different attitudes towards certain European questions. It was natural that such differences of opinion should exist between states which were themselves different in size, in political and social structure and in geographical position, but events alone could show when and how they could be brought into harmony.

Another wave of ill feeling had already arisen in connexion with the assassination of the Polish Minister for the Interior, Colonel Pieracki, when supporters of the Pilsudskist régime had objected to an obituary notice which had appeared in a Prague Social-Democrat newspaper. Moreover, the assassination was attributed to Ukrainian terrorists, the actual murderer was believed to have escaped across the Czechoslovak frontier, and the Poles had for long regarded the activities of Ukrainian political refugees in Czechoslovakia with the greatest suspicion. At the request of Poland the Czechoslovak authorities now took more drastic steps for the repression of terrorism, including the expulsion of fifteen Ukrainians from the country. The Polish Government were still, however, not completely satisfied that everything was being done for the prevention of future crimes, and they took the opportunity to make a public protest on the subject during the discussion by the League Council, in December 1934, of the part played by the Hungarian authorities and the Croat terrorists in the conspiracy to murder King Alexander of Yugoslavia.

When the Polish representative, Monsieur Komarnicki, rose to speak on the 8th December, he expressed profound sympathy for Yugoslavia, but at the same time laid stress on the ties of friendship that bound Poland to Hungary. He went on to observe that if his Government had 'not thought fit to place' the question of the Ukrainian *émigrés* 'before international public opinion' this did not mean that they had 'no serious complaints to make. This situation' had 'given rise to repeated diplomatic representations', and it was only after the assassination of Colonel Pieracki that they had obtained some satisfaction.¹

Dr. Beneš replied to these accusations on the 10th December by denying that his Government had granted the Ukrainian refugees asylum for political reasons or that they treated them differently from refugees from other countries, or failed to take action against them

¹ See the *League of Nations Official Journal*, December 1934, p. 1736.

on the rare occasions when they misused the right of asylum. Difficulties had arisen concerning two or three cases of extradition for political crimes, one in 1924 and one in 1931, and the Czechoslovak Ministry of Justice had proposed that the existing extradition treaty should be completed by an agreement similar to that which had just been concluded with Yugoslavia. 'These negotiations' were, 'however, not yet terminated, as the Czechoslovak Government' had 'still to receive the Polish Government's last reply.' Dr. Beneš also suggested that, as the Ukrainian terrorist movement included parts of Czechoslovak territory in its aims, it was in the interest of both countries to combat it, and he was convinced that a full examination of the grievances felt by both sides would result in a satisfactory settlement.¹ Monsieur Komarnicki accepted these assurances, but he also urged that the Czechoslovak Government should not merely take action after crimes had been committed, but should prevent the organization of fresh conspiracies, by prohibiting the formation of terrorist groups and the publication and distribution of subversive propaganda.²

Meanwhile twelve Ukrainians had been arrested in Poland for complicity in the assassination of Colonel Pieracki. At their trial, which did not open till the 18th November, 1935, and which ended on the 13th January, 1936, with a verdict of guilty and the imposition of severe sentences, the prosecution did indeed suggest that the escape of the murderer and the activities of the terrorist groups could not have passed unobserved in Czechoslovakia, but these insinuations were mild in comparison with the accusations which were made at the same time against the Lithuanian Government.³ Much of the evidence against the Ukrainians was, in fact, admitted to be based on documents which had been seized by the Czechoslovak authorities and placed by them at the disposal of the Polish police.

From the summer of 1934 onwards Poland and Czechoslovakia drifted still farther apart in consequence of the different attitudes which they adopted with regard to the attempt to conclude an Eastern Pact of Mutual Assistance,⁴ and also with regard to the return of the Soviet Union to European politics as a sovereign national state, instead of as the headquarters of a world revolutionary movement.⁵ Czechoslovakia and Rumania renewed diplomatic relations with the Soviet Union on the 9th June, and on the 14th September the Little Entente Council declared itself ready to support the proposal for an Eastern Pact which was then under discussion. The Polish Govern-

¹ *Op. cit.*, pp. 1745-6. ² *Op. cit.*, pp. 1753-4. ³ See p. 277, above.

⁴ See Part I, section (iv) of the present volume.

⁵ See the *Survey for 1934*, Part III B, section (i).

ment, on the other hand, were from the first unwilling to take part in an Eastern Locarno, and, as they were reported to have indicated to the French Government, one of the causes of this unwillingness was an objection to guaranteeing the frontiers of Czechoslovakia.¹ Moreover, their previous suspicions with regard to the pro-Russian tendencies of Czechoslovak foreign policy were intensified when the failure of the Eastern Pact negotiations was followed by a *rapprochement* between Czechoslovakia and the Soviet Union which was, to all intents and purposes, converted into a defensive alliance by the mutual assistance treaty of the 16th May, 1935.²

The autumn of 1934 brought with it a renewal of the hostile manifestations of the previous spring. Czech demonstrations of an uncompromising kind were held in Teschen; three Polish nationals were arrested and subsequently released after representations had been made by the Polish Minister in Prague; and when Dr. Beneš commented on the situation in his foreign affairs speech of the 5th November he had little but emphasis to add to what he had already said in July. In the summer of 1935 the fifteenth anniversary of the partition of Teschen was made the occasion for demonstrations at Teschen and for a fresh crop of recriminations in the press, and by the September of that year feeling ran so high that Czech school-houses were being attacked and Czechoslovak emblems of sovereignty were being destroyed. The Czechoslovak authorities thereupon decided to send more troops into the district and to strengthen the gendarmerie and customs guards. They arrested and deported many persons suspected of sedition or espionage, and took such drastic measures for the control of irredentist propaganda that at one moment all the seven Polish newspapers published in Czechoslovakia were prevented from appearing. Meanwhile, on the 30th September, Polish Nationalist organizations had held meetings of protest in various towns and villages of Polish Silesia against what they called the Czechoslovak 'punitive expeditions'. On this occasion they declared themselves to be ready to fight for the 'liberation' of the whole of Teschen up to the River Ostravice. This, it may be remarked, would include the district of Frydek which was actually more Czech than Polish. The Poles had for some time been making use of the wireless station at Katowice to broadcast anti-Czech programmes, including lurid accounts of 'atrocities', to which the Czechs replied by arranging for broadcasts in Polish from Moravska-Ostrava. It would, for instance, be announced one day that a Polish citizen was dying of consumption in prison because of the unwholesome dampness of his

¹ See p. 71, above.

² See p. 82, above.

cell. Next day the Czechoslovak propagandists would be ready with an elaborately documented story of how the alleged martyr was enjoying excellent health except for a slight cough, for which the prison doctor had prescribed the best cough-mixture. The Poles would then tear this story to pieces, or counter-attack with a fresh accusation—and so the game would go on.

Meanwhile the complaints of the Polish minority had aroused a good deal of sympathy among the Slovaks, who were more closely akin in temperament to the Poles than the Czechs were, and who had grievances of their own against Czech attempts at domination. Some of the Slovaks would, in fact, have preferred a reconciliation with Poland to the recent *rapprochement* with the Soviet Union. This latter point was, however, still a matter for controversy; and in any case, by far the greater part of the Slovaks who gave their support to the Teschen Poles wished to obtain justice for them by constitutional means and not by any intrigue or rebellion. But there may have been exceptions to this, for when the Czechoslovak Government, in October 1935, withdrew the exequatur of the Polish Consul at Moravska-Ostrava, Monsieur Klotz, they accused him of intriguing with irredentists in Carpathian Ruthenia and in Slovakia as well as of directing Polish propaganda in Teschen and of making speeches containing incitements to disorder. The Polish Government retaliated by the expulsion of the Czechoslovak Consuls at Cracow and at Posen, and on the 24th October it was stated that Dr. Grzybowski, the Polish Minister in Prague, would shortly return to Warsaw, and that the business of the Legation would be carried on by a *chargé d'affaires*.

At the end of the month the Czechoslovak Government addressed another note of protest to Poland. Their attitude at this time was summed up by Dr. Beneš in a parliamentary speech delivered on the 5th November.¹ He stated that if the Polish Government were complaining of the treatment of the Teschen Poles, his own Government had reason to object to the hostile propaganda carried on in Poland and to the unjustifiable behaviour of a Polish consular agent. They were still firmly of the opinion that the dispute should be referred to Geneva or to the commissions of arbitration or equity set up by the treaties of 1925. They were prepared to submit their policy towards minorities to any international forum for comparison with that of any other state, and, in particular, of those states which were carrying on press feuds against them. Referring to the recently concluded pact with the Soviet Union, he asserted that his Government had

¹ Text in the *Prager Presse*, 6th November, 1935.

originally intended to conclude a permanent treaty of friendship with Poland before entering into an agreement with the Soviet Union. No definite answer having been received to this proposal, they had taken part in the Eastern Pact negotiations, but during all this time Czechoslovakia had never ceased to be in a position to fulfil all her obligations towards Poland or Germany as well as towards the U.S.S.R. Unfortunately these plans could only be realized in part by the conclusion of the treaty with the U.S.S.R., but, on the other hand, he denied that this treaty contained any secret clauses or that it was directed against any other state or that it was anything more than an instrument of defence within the framework of the League Covenant.

In their reply, which was not received in Prague till the 23rd November, the Polish Government, on the contrary, insisted that arbitral procedure was unnecessary, since the Czechoslovak Government ought to take the first step towards a reconciliation by ceasing to treat the Teschen Poles in such a way as to stir up in Poland a hostility which they themselves had the greatest difficulty in keeping in check. A declaration to the same effect was made by Colonel Beck in the statement which he made to the Foreign Affairs Committee of the Sejm on the 15th January, 1936. Colonel Beck referred even more emphatically to the uneasiness displayed by public opinion, and remarked that artificial procedure and diplomacy would be of less use in solving the dispute than a friendly gesture on the part of the Czechoslovak Government such as the recent waiving of the state of emergency in Teschen.¹ This speech was not received with unqualified approval in Czechoslovakia, where it was pointed out that no state of emergency had ever been declared in Teschen, though it was true that the special police measures which had been enforced during the autumn had recently been withdrawn, as there was at present less danger of disorder.² Though the points of view of the two countries thus seemed to be as sharply opposed to each other as ever, the tension between them was not so great as to prevent arrangements being made for the restoration of full diplomatic relations. On the 28th February Dr. Juraj Slavik presented his letters of credence to the President of the Polish Republic, and next day it was announced that a new appointment would shortly be made to the post of Polish Minister at Prague.³ Three months

¹ See the *Prager Presse*, 16th January, 1936.

² *Ibid.*

No further announcement appears to have been made until the 31st July, when it was reported that Monsieur Swiezawski, the head of the Secretariat of the Polish Cabinet, would shortly be appointed.

later Dr. Krofta, at that time Minister for Foreign Affairs, was able to inform the Czechoslovak National Assembly, on the 28th May, that there was some improvement in the situation; that propaganda was no longer being broadcast from Katowice; and that relations with the Polish Consulate at Moravska-Ostrava had taken a turn for the better. Each of the two Governments was, however, still complaining of the expulsion of its nationals from the territory of the other. The Teschen Poles would also be affected by the Czechoslovak National Defence Law which came into force on the 22nd June, 1936, as Teschen lay in the frontier zone over which the Defence Ministry was to have special powers in future.

Moreover, the Poles continued to suspect Czechoslovakia of being 'Russia's aircraft-carrier' or 'Moscow's European spring-board',¹ while the Czechoslovaks felt alarm at the possible formation of a German-Hungarian-Polish coalition, or at the various schemes for re-drawing the map of Central Europe which were being put forward by Polish writers. One of these,² for instance, suggested not only that Teschen should be ceded to Poland but that the Südetenländer should be ceded to Germany, and Slovakia and Ruthenia to Hungary. It was claimed that, once the *Anschluss* or *Gleichschaltung* of Austria to Germany was completed, these changes could be brought about by an economic blockade on the part of Germany (including Austria), Hungary, Poland and Rumania. Czechoslovakia would thus be deprived of the industrial districts of the Südetenländer and of the Karvin coal-field, so that she would cease to be a dangerous business rival to Poland. Reduced to a mere 'North Slavia', she would be merged in a vast Middle European bloc including all the states of the Baltic, the Balkans and the Danube, in which Poland, recognized as a Great Power at last, would hold the second place after Germany.

Spectacular theories of this kind did not claim to represent the official policy of Poland, but Czechoslovak opinion could not fail to draw its own conclusions from various events of these two years which seemed to show that Hungary and Poland were indeed being drawn closer to Germany.³ The frequent visits of German Ministers to Poland have been referred to in an earlier chapter.⁴ On the 19th-

¹ The actual wording of this phrase is not taken directly from a Polish source but from the *Deutsche Diplomatisch-politische Korrespondenz*, as quoted in *The Times* of the 2nd October, 1935.

² See W. Studnicki: *Polen im politischen System Europas* (Berlin, 1936, Mittler).

³ See the *Survey for 1934*, pp. 327-8, 341 *seqq.*, and section (vii) (a) of this part of the present volume.

⁴ See pp. 205-6, above.

22nd October, 1934,¹ General Gömbös paid an official visit to Warsaw, and in a speech of the 28th May, 1935, he suggested that the politics of Europe would produce 'a defensive line joining Warsaw, Budapest, Vienna, Rome and possibly Berlin'.² In July 1935 the Polish Foreign Minister, Colonel Beck, visited Berlin,³ and in September General Göring arranged two hunting-parties—the first of which was given in honour of Prince Radziwill, Chairman of the Foreign Affairs Committee of the Polish Senate, General Fabrycy and Count Potocki, while at the second one the chief guest was General Gömbös himself.

In the following spring the then Prime Minister of Poland, Monsieur Zyndram-Koscialkowski, paid a three-days' official visit to Budapest on the 23rd–26th April, 1936. The Governmental press in Poland attached great importance to this visit, and expressed the view that Poland could not 'remain indifferent to the Danubian problem', and that Hungary and other Danubian states must therefore be treated as Poland's 'neighbours in the south'.⁴ The official *communiqué* issued at Budapest referred in somewhat cautious language to the satisfactory progress in economic and cultural co-operation between the two countries, and to the complete harmony of views which existed between the Polish and Hungarian statesmen with regard to the need for closer co-operation in the interests of peace. Besides this, General Gömbös and Monsieur Zyndram-Koscialkowski were also reported to have discussed the state of tension existing between both states and Czechoslovakia, and the need for checking the development of Russian influence in the Danube Basin. The Polish Premier was understood to have agreed that his Government should use their good offices to bring about a *rapprochement* between Hungary and Jugoslavia and Rumania, but he was careful not to commit himself in any way to the support of Hungary's claims for treaty revision.

But though the Polish Government had not actually entered into an *entente* with Hungary or into a coalition with Hungary and Germany, there was still no immediate prospect of a reconciliation between Poland and Czechoslovakia.⁵ This was the situation in the

¹ See the *Survey for 1934*, pp. 349–50.

² *The Times*, 30th May, 1935.

³ See p. 206, above.

⁴ *The Manchester Guardian*, 23rd April, 1936.

⁵ When General Gamelin, Chief of the French General Staff, visited Warsaw on the 12th–17th August, 1936, he made inquiries of General Rydz-Smigly (who had succeeded to Marshal Pilsudski's post of Inspector-General of the Polish Army) as to what the attitude of Poland would be if Germany were to attack Czechoslovakia. This was, however, one of the questions to which General Rydz-Smigly put off giving a definite answer until the return visit to Paris which he proposed to pay in September 1936.

second half of August 1936, at a time when the break-down of collective security, in consequence of the outcome of the Italo-Abyssinian war, and the conclusion of the Austro-German agreement of the 11th July were raising in a particularly urgent form the question of the intentions of Germany with regard to Central and Eastern Europe, and of the policy which should be adopted by Great Britain and the other Western Powers.

PART II

THE FAR EAST

By G. E. Hubbard

(i) Introduction

By the beginning of 1935 Far Eastern affairs had receded far from the central position which they had occupied three years before at the time of the Manchurian dispute. In the course of the year the problems raised by Italy's action in Abyssinia thrust them still farther into the background. That to the eyes of observers in Europe events closer at hand should eclipse those farther afield was natural and inevitable, but at the same time this was no criterion of the respective degrees of importance of these two sets of international transactions. In the same way the nearer heights in a landscape blot out the more distant, and to be seen in their right perspective they must be observed from a broadside angle. In the case of Europe and the Far East we have the benefit of the judgment of an observer able to view affairs from this detached standpoint. At Capetown on the 9th February, 1935, at a meeting of the South African Institute of International Affairs, General Smuts, reviewing the trend of events in Asia, reached the following conclusion:

Even measured by the gigantic scale of events to which we have become accustomed since the Great War, we are face to face with one of the major developments in history. By the side of this fateful situation the troubles of Europe, which now loom so large to us, are intrinsically more like petty family squabbles in comparison.¹

The text for this solemn prediction was provided by the activities of Japan. Nearly all the developments of importance in international relations in the Far Eastern area could, indeed, be related directly or indirectly to Japanese 'expansionism'. This 'expansionism' showed itself in many different forms—in a drive for overseas markets, in an attempt to obtain control of fresh sources of raw materials, in an outward extension of Japan's military front on both land and sea, in the creation of buffers against Communism, in Japan's civilizing 'mission', and, finally, in acts of military aggression inspired by mere

¹ It is true that General Smuts was speaking before the Italo-Abyssinian situation had developed to its crisis. His later statements on the Abyssinian question showed that he was fully alive to the wider aspects of Italy's action in East Africa (see the *Survey for 1935*, vol. ii, pp. 84, 85).

lust of territorial aggrandisement. If the Philippines be excepted, it may be said that Japan's 'expansionist' activity in one or other of these forms was the prime moving force in each of the spheres of action which claim a place in a survey of Far Eastern developments in 1935, and which will now be passed briefly in review.

The first of these spheres lay in China and Inner Mongolia. The Chinese Government were subjected to persistent pressure by Japan to fall into line with her so-called 'co-operative' programme, which implied a united front against Communism, an economic collaboration, the acceptance of Japan as China's official mentor, and a recognition by China of the state of affairs established in Manchukuo. On the northern marches of China the Japanese zone of control was extended westward along the Mongolian Corridor, with the double purpose of outflanking Russia and of penetrating to regions rich in raw materials. Finally, in North China itself, Japanese military agents—acting independently and, as it would appear, often in opposition to the policy of the Foreign Office—were engaged during the year in an attempt to detach from Central Government control a large area of country south of the Great Wall, which was to serve both as a buffer state and as a field for economic expansion, and which was destined in this regard to form part, in due course, of an economic bloc embracing Japan, Manchukuo and North China. Thus in the course of 1935 China was faced with a further loss of territory and—what might easily prove a far greater calamity—with partial political dismemberment. The extent of the surrender of jurisdiction by the Government of China could be measured by three facts: the enforced withdrawal of Chinese Government troops from the provinces of Chahar and Hopei, the removal of a number of high local officials who were unfavourably regarded by Japan, and the compulsory closing of all local Party organizations. Finally, Nanking was compelled to remain a passive spectator of the setting up of a rebel administration in the eastern portion of the demilitarized zone created by the terms of the Tangku Truce of the 31st May, 1933,¹ and to acquiesce in, if not actually to promote, the establishment of a virtually independent, although nominally loyal, Political Council to manage the affairs of Chahar and Hopei Provinces. It was largely due to the adroit handling by the Chinese authorities of the so-called autonomy movement that its scope was restricted to these two provinces and did not immediately extend to the larger area, embracing five provinces, which the Japanese aimed at including in the separatist bloc.

¹ See the *Survey for 1933*, pp. 481-2.

The second theatre of major international developments was along the frontiers of Manchukuo where Japan came into contact with Russia and her satellite state of Outer Mongolia. Japan's impact on Outer Mongolia was a direct challenge to Russia, and it undid the improvement in relations which had accompanied the liquidation of the Chinese Eastern Railway dispute.¹ The sale of the railway by Russia to Manchukuo, which took place in the month of March, had been hailed on both sides—but more particularly in Moscow—as the dawn of a new era in Russo-Japanese relations. As the year advanced this hope proved illusory. No progress was made towards the settlement of other long-standing issues, such as Japan's share in the Kamchatka fisheries and her oil concessions on the island of Sakhalin, neither was there any cessation of the frontier incidents along the imperfectly defined border separating Russia and Manchukuo which were a cause of chronic irritation in the relations between Russia and Japan. These were, however, only the secondary causes of the new deterioration of Russo-Japanese relations; the chief bone of contention was Outer Mongolia; and the frontier affrays—between Mongol and Manchukuo troops—were only the outward symptoms of the trouble. Behind lay the determination of Japan to open up Outer Mongolia. In the language of the Japanese Foreign Office spokesman, Japan was now knocking at the door of Outer Mongolia in the same way as Commander Perry had knocked at Japan's door eighty years before. As the first step towards forcing the door open, the Japanese Government, using the Government at Hsinking as their mouthpiece, required that Outer Mongolia should agree to an exchange of diplomatic representatives between Outer Mongolia and Manchukuo.² This demand, implying, as it did, a recognition of Manchukuo as an independent state, was rejected by the authorities at Urga. Although the negotiations were conducted by the 'seconds' in the case, the Japanese Government insisted upon the responsibility of Moscow in Outer Mongolian affairs, and Japanese newspaper editors did not hesitate to attach to the Mongols the opprobrious epithet of 'puppet' which had caused so much resentment when applied to Manchukuo itself.

¹ See the *Survey for 1934*, pp. 672-3.

² Japan's motive in endeavouring to set up diplomatic relations with Outer Mongolia in 1935 had points of similarity to the British action in Tibet in 1904, when the Younghusband Mission was sent to Lhasa. In both cases, local difficulties arising in connexion with a long common frontier and the desire for an observation-post for keeping a watch on Russian activities supplied the motive for establishing direct touch with the central authorities of the neighbouring state.

In matters outside the immediate field of Japanese politics, potentially the most important event of the year in the history of the Far East was the change of status of the Philippine Islands. After thirty-six years as a Territory (in the technical sense) of the United States, the islands became, on the 15th November, 1935, a Commonwealth, and that day saw the beginning of a ten-year transitional period which was designed to end in complete independence in 1945. Critical decisions in regard to the islanders' future had been taken already in 1933-4, as was recorded in the *Survey* for the earlier of these two years.¹ It was there shown that opinion in the two countries concerned regarding Philippine independence had undergone a very significant change. As independence came nearer to realization the Filipinos had become increasingly conscious of the benefits flowing from the American connexion and of the sacrifices and dangers which a separation would involve. Conversely, in the United States the economic depression had lent force to the view that so long as the Philippine Islands remained inside the United States tariff wall they were an economic incubus of which the United States would do well to rid itself; and a withdrawal was also advocated on the ground that the defence of the islands was likely to become an increasingly embarrassing commitment. With the passing by the American Legislature, in January 1933, of the Hare-Hawes-Cutting Act conferring independence on the islands, and with the subsequent rejection of this measure by the Filipinos themselves, there had, in fact, come about such a reversal of rôles as to make it possible for an American writer to ask, in good faith, whether it was upon the United States or upon the Philippine Islands that freedom was being bestowed.

The Independence Bill, amended in such a way as to reduce American military and naval commitments, was re-enacted and on this occasion accepted by the Philippine Legislature, and it became operative, as already mentioned, in the autumn of 1935, after a form of Constitution had been adopted by a national plebiscite. There still remained, however, palpable signs of misgiving in the minds of the beneficiaries. The existence of a 'startling and sudden change of opinion' had been referred to by the Filipino Resident Commissioner at Washington while the Bill was under discussion. Later on, evidence of this change was recorded by an unofficial observer in the person of Mr. Roy Howard, chairman of the Scripps-Howard Newspaper Corporation, who made a tour of the islands at the time of the change of administration and who was understood to be in close personal contact with the new President of the Commonwealth. Mr. Howard

¹ The *Survey for 1933*, Part IV, section (vii).

declared¹ that the move for independence was visibly dying out, and that, under the influence of the Japanese menace, the Philippines were looking for permanent attachment to the United States, or even, if that should fail, to the British Empire. It was significant, too, that the President himself, in his inaugural speech, made a reference to the dangers of foreign intervention with which the Philippines, when fully independent, might be faced; while almost his first concern on entering into office was to organize a system of military service. Thus the shadow of Japanese domination, which already lay so heavily over China, could be seen spreading ever farther afield and already darkening the sky for the inhabitants of the Philippine Islands just at the time when their long-sought independence was coming within sight.

The developments of the year throughout the Far East as a whole were a reminder that the system set up by the Washington Agreements of 1921-2 for maintaining political equilibrium in the Pacific area had, to a great extent, collapsed. The Nine-Power Treaty, which had been intended to safeguard the integrity of China and to ensure equal opportunity for foreign interests in that country, was clearly moribund, if not already defunct, although there was still a conspiracy on the part of the signatory Powers to avoid any official recognition of the fact. The Five-Power Naval Treaty, which had been designed—in conjunction with the Four-Power Agreement for the non-fortification of colonial possessions—to preserve the balance of naval strength, had been denounced, in due form, by Japan on the 31st December, 1934. Consultations held in London throughout 1935, with a view to reaching a basis for a new naval arrangement between the five Powers, failed to achieve this end,² and the Japanese representatives were withdrawn from active participation at the conference table early in the following year. The fundamental difficulty with which the London Naval Conference of 1935-6 was faced was Japan's demand for naval parity with the United States and Great Britain—a demand which the American Government were determined to resist. National *amour propre* was certainly an important, and possibly the dominant, motive in Japan's claim to equality. That the Japanese nation would take a firm stand on this claim had been foreshadowed by the indignation aroused when the Japanese delegates at the London Naval Conference of 1930 had accepted an inferior ratio for cruisers and smaller craft, and by the subsequent attacks on the statesmen who were held to

¹ See *The New York Times* of the 11th December, 1935.

² The Naval Conference of December 1935-March 1936, and the preceding consultations, will be dealt with in the *Survey for 1936*.

be responsible for this alleged surrender.¹ But while an extreme insistence on prestige—in itself a symptom of the spirit prevailing in Japan—was thus a partial explanation of the Japanese attitude on the question of naval armaments, the determination to break away from the established ratios was, in any case, a logical corollary of Japan's general policy in relation to the outside world. She had proclaimed her resolve to be sole arbiter in the affairs of 'Eastern Asia',² she had invited the rest of the world to accept voluntarily this claim of hers, but she had added the warning that she would oppose any action by other Powers which might run counter to her ideas. Except on the hardly tenable supposition that these pretensions were merely a form of bluff, they implied the necessity of maintaining a fighting force sufficient to guard the zone of her operations (whatever its limits might be) against forcible intervention by whichever Power was most capable of disputing her claim. In the existing state of affairs this Power could only be the United States of America, and the Japanese authorities had, rightly or wrongly, decided that the 3:5:5 ratio did not give them the required measure of security against the American Navy.

In considering the question of security it was necessary to take account of the modification of the strategic outlook which the development of air power had brought about in the Pacific since the time of the Washington Conference. In 1922 the idea of aerial warfare becoming a major factor in the strategic relations of two countries separated from each other by the Pacific Ocean would have seemed very remote. By the end of 1935 a Northern Pacific air route via the Kurile and Aleutian Islands had been shown to be practicable, while a trans-Pacific service, connecting San Francisco and Manila, had actually been established by American Airways. There were, it is true, formidable obstacles to be surmounted before either route could be of substantial military importance—the severe climatic conditions in the north and the difficulty of providing adequate defence for airports in latitudes farther south—but the voyages of the 'China Clipper' were nevertheless a portent for the future, and the fact that the two sides of the Pacific had been brought within 'sixty hours' flight of each other had an obvious bearing on the whole problem of defence. Even more significant, perhaps, was the development of aircraft-carrying war-vessels with an extended radius of action. Vulnerability from the air being the weakest point in Japan's defences, vessels of this type might well become the principal menace to her safety. It

¹ See the *Survey for 1930*, Part I, section (ii).

² See the *Survey for 1934*, pp. 645 *seqq.*

was, therefore, not unnatural that at the Naval Conference of 1935-6 it should have been one of Japan's chief objectives to establish the principle that warships should be divided into 'offensive' and 'defensive' types, and to try to obtain a heavy all-round reduction of the class which was to include aircraft-carriers. This was clearly consistent with Japan's insistence upon safeguarding her home defences.

The propriety of the proposed classification of warships was disputed by the other representatives at the London Conference. Hardly less open to question, however, was the moral distinction between offence and defence which was implied in the Japanese claim. This claim was, in fact, hardly to be distinguished from one to a freedom of action in respect of neighbouring territories, coupled with a freedom from the fear of international restraint; and this Japanese claim illustrated the differences of meaning which could be attached to the term 'security', according to the standpoint of the nation whose security was involved. But if the Western Powers could question Japan's interpretation, Japan herself could, and did, retort in kind. Her journalists complained that when, for instance, Great Britain talked of security, she meant the safeguarding of her own position and the checking of any attempt by less favoured nations to improve theirs. This criticism was particularly directed against the 'quota' limitations imposed upon Japanese imports into British colonies. The reaction in Japan that was produced by her exclusion from foreign colonial markets could hardly be explained by the amount of the actual damage, which trade statistics showed to be relatively small. The sensitiveness to any hurt to national honour and prestige which underlay Japan's rejection of the naval ratio system magnified also, in Japanese eyes, the offensive aspect of barriers against Japanese trade competition. In the past, immigration restrictions had fostered a sense of ostracism in Japanese minds, and this was now stimulated afresh and found expression in forebodings of a gradual 'encirclement'.

The popular idea that Japan, being on the defensive, must stand with her back to the wall, goes far to explain a *rapprochement* which became noticeable in 1935 between the militarists on the one hand and the industrial and financial circles on the other, and it thus played an appreciable part in reconciling liberal opinion in Japan to the aggressive policy of the military faction.

The international developments outlined in this introductory section are dealt with in detail in the following pages, and these chapters are prefaced, as on former occasions, by a brief survey of those aspects of the domestic affairs of China and Japan which

influenced their external relations. In the case of China the record shows a vast, and relatively inert, population moving slowly but steadily towards an ideal of economic and social reconstruction and of political homogeneity. In Japan there can be seen, beneath the material surface, a fermentation of social and political ideas and a form of spiritual revival which had its parallel in the psychological movements accompanying the rise of new political creeds in the countries of Central Europe.

(ii) Internal Conditions in China

Regeneration from within as a means, and the only means, of averting domination from without, and of eliminating Communism, had become in 1934 the political watchword in China, and it was towards this objective that the energies of the Government and of General Chiang Kai-shek himself were directed throughout the following year. The New Life Movement¹ was now followed by a 'People's Economic Reconstruction Movement', in regard to which General Chiang said, in a broadcast talk to the Chinese nation on New Year's Day, 1936: 'With the former we cement the foundation of spiritual and moral reconstruction, while with the latter we intend to complete national economic reconstruction and effect material advancement.' But in order to clear the ground for this work of reconstruction, General Chiang considered it necessary first to complete the dispersal of the organized Communist forces in Central and West China, and this was his principal task during the opening months of 1935.

The operations of the previous year had driven the Communists from their permanent stronghold in the province of Kiangsi, but had failed to break up their forces. Split up into separate units, they had scattered into other parts of the country, where their presence was only slightly less of a menace than had been their previous concentration in a single 'Soviet' area. The principal army, led by the Commander-in-Chief, Chu Teh, and having with them Mao Tze-teng, the chairman of the Chinese Soviet Government, escaped southward from Kiangsi, and, after harrying parts of Kwangsi and Kweichow in the spring of 1935, moved west into Szechuan. In the month of May they were threatening the capital of the province. Repulsed by Government troops under General Chiang Kai-shek's personal direction, they retreated northward and joined forces with the 'Reds' in the south-east of Kansu province. In October, disorganized bodies were reported by the Provincial Governor to have reached a point one hundred miles south-east of Lanchow, but they were said then to be

¹ See the *Survey for 1934*, pp. 634-5.

starving. Although the threat to the rich province of Szechuan was thus averted, parts of Central China were, at the end of 1935, still suffering severely from Communist depredations. The chief points of concentration were in North Shensi (whence the threat of penetration into Inner Mongolia through the Ordos region, where the Mongols were ripe for revolution as a result of misgovernment by their own princes as well as by Chinese officials, greatly concerned the Japanese) and in Hunan, where it was reported that a Communist army, under the notorious leader Ho Lung, had gathered the entire rice-crop of the northern part of the province and had proceeded to build granaries and barracks. By December, however, Ho Lung and his men were once more on the move and were heading again towards their former hunting-grounds in Kweichow.

The escape of the Communist forces after the fall of their main stronghold was, partly at least, accounted for by the failure of the Central and Southern Governments to co-operate in a common plan of campaign, and this, in turn, was a consequence of political disunion between Nanking and the provincial authorities. Relations between the two were put to an open test in the autumn of 1935 through the convocation of the Plenary Session of the Central Executive Committee of the Kuomintang, which was followed immediately by the Fifth National Party Congress. The attitude of the regional commanders towards the holding of these national conferences was a barometer of Chinese political unity. In the previous year, Cantonese dissatisfaction with the politicians at Nanking had necessitated an eleventh-hour postponement of the Party Congress.¹ When the Congress finally assembled, in November 1935, the two leading notabilities of the South, General Chen Chi-tang and General Li Tsung-jen, failed indeed to attend, but the South-West Provinces were represented by responsible delegates, who included among their number the Chairman of the Kwangsi Provincial Government and the President of the Sun Yat-sen University. A reaffirmation of loyalty, through attendance at the Congress, was given too by Marshal Yen Hsi-shan, the Governor of Shansi, who for several years past had held aloof from Nanking and had laboured under suspicion of welcoming the Japanese into his province, while his brother war-lord of former times, Marshal Fêng Yü-hsiang, also came to Nanking to lend his moral support to the Central Government.

In the proceedings of the two conferences General Chiang Kai-shek scored a personal triumph. On the supreme issue of relations with Japan, his general policy of non-resistance and co-operation was

¹ See the *Survey for 1934*, pp. 636-7.

endorsed. The party delegates, moreover, in approving the draft Constitution which had been remitted from the previous year, reversed the provisions excluding active military officers from the highest offices in the civil administration—a change which was plainly intended to safeguard the power and influence of the Commander-in-Chief. Another and still clearer indication of the increase in the strength of General Chiang's position was afforded by the result of the elections for the Central Executive Committee and by the subsequent executive appointments. The general effect of these was to eliminate Mr. Wang Ching-wei's followers,¹ to establish General Chiang's partisans in an unassailable majority and to introduce into the Government an increased number of professional and non-party men. At the same time, Madame Sun Yat-sen, who, in spite of her close affiliations with Russian Communism, had up till then retained her membership of the Central Executive Committee, failed to secure re-election. The chairmanship of the Executive Yuan vacated by Mr. Wang was given to General Chiang himself—whose effective leadership of the country was thus, as it were, legalized—while that of the Central Executive was awarded to Mr. Hu Han-min, whereby an old and bitter political wound was healed and a further step taken towards the reconciliation of Nanking with the South.²

The economic conditions facing the would-be 'reconstructors' of China in 1935 were little if at all improved by comparison with those of the previous year. In addition to the Communist disturbances, floods in the Yellow River and Yangtse valley basins, involving losses estimated at some 450,000,000 dollars, increased agricultural distress over large parts of the country—a state of affairs which found its reflexion in the fact that China's importation of foodstuffs, which had fallen markedly in 1934, now showed a 50 per cent. rise. Conditions were at their worst in Shanghai and the other treaty ports, where prosperity depended largely on foreign trade and on the manufacturing industries. For this situation the vagaries of silver were very largely responsible. So long as the Chinese dollar had been directly

¹ Mr. Wang, Chairman of the Executive Yuan and Minister for Foreign Affairs, had become identified in the public mind with a 'pro-Japanese' policy. He had resigned in August, at a time when the Nanking Government was being severely criticized for showing excessive friendliness towards Japan, but had been induced to continue in his post. He finally quitted office after an attempt on his life at the opening of the Plenary Session in November, when he received wounds which affected his already impaired health.

² Four years earlier Hu Han-min, then a member of the National Government, had come into open conflict with the Commander-in-Chief and had been kept under arrest by General Chiang for some months at the capital. See the *Survey for 1931*, pp. 408-9 and p. 414.

linked to silver, the Chinese exchange had been at the mercy of wide fluctuations in the world price of the metal, while the rise in its value owing to American Government purchases had produced a serious fall in China's domestic commodity prices. The Chinese Government's attempt in October 1934 to remedy this situation had taken the form of a partial divorcement of the Chinese dollar from silver through a restriction of the export of silver and attempts to regulate foreign exchange rates. For a time the plan was successful. The downward movement in commodity prices (the Shanghai index-number had fallen from 129.2 in September 1931 to 99 in December 1934) was checked, and although after February 1935 it resumed its former course, the fall was by no means commensurate with the rise in the price of silver. As the year advanced, however, and the United States Government's silver-purchase policy was maintained,¹ the inherent weaknesses in the transitional half-measures adopted by the Chinese Government made themselves seriously felt. The outflow of silver through smuggling—largely to Japan—continued on an alarming scale; a fear that some more radical currency changes would be forced upon the Government by the deterioration of the financial situation caused a weakening of confidence in the future of the Chinese currency; and a wide disparity developed between spot and forward quotations for the dollar. Furthermore the local banknotes fell to a discount against silver coin. Restrictions had to be placed on the convertibility of banknotes, and the Chinese Treasury had to intervene in the exchange market with the help of an equalization fund. On the 15th October, 1935—when the silver-export restrictions had been in force just over one year—the sterling exchange value of the dollar was 1s. 6d. From that date it fell precipitately till the 2nd November, when it reached 1s. 2½d. The cause of this sudden drop was partly an anticipation on the markets of some drastic measure of devaluation by the Chinese Government, and partly the decision of the Chinese authorities to abandon their artificial support of the currency. The danger of a financial panic was now becoming imminent, and on the 3rd November the Chinese Government acted with a suddenness which, in spite of the expectation of impending changes, caused surprise in all quarters. A decree was issued on that date which radically altered the currency system and introduced important banking reforms.²

The decree of the 3rd November, 1935, completed, in effect, China's

¹ See the present volume, Part III, section (ii) (c).

² A summary of the terms of this decree will be found in Part III of the present volume (p. 405, below).

divorce from silver and gave her in its place a managed, inconvertible paper currency. The two most obvious requisites for the success of a managed currency were that the Government should have power within their own jurisdiction to enforce all necessary measures, and that the national finances should be reasonably stable. With regard to the latter, the Government, when they issued the currency decree, announced that 'plans' had 'been completed whereby the national budget' would 'be balanced within eighteen months'; but it was clear that this consummation would present great difficulties in face of the increasing budget deficits of the last few years, and that it could only be accomplished by curtailing the country's military expenditure. As to the Government's ability to assert their control, doubts were at first raised by the action of the banks at Tientsin. The decree prohibited the use of silver dollars or bullion for currency purposes and required all holders of silver to exchange it for notes; but the Tientsin banks refused to surrender their silver outright, and Canton also refused to hand over stocks. Over a large part of the country, however, the response to the Government's demand for the handing over of the stocks was reassuring, and enough silver, it was reckoned, came into the Government's possession to provide exchange purchasing power sufficient to tide the new currency system over the critical first year.¹

By this bold handling of the currency problem the Chinese Government broke the vicious circle in which the country had been caught and made a promising first step towards economic recovery. The effect of their action on their relations with Japan is dealt with in a later chapter.² At this point it is sufficient to remark that this Chinese action probably precipitated the Japanese plans for the economic severance of North China from the rest of the country—to judge by the fact that the head of the autonomous régime that was set up in East Hopei in November proclaimed the objects of the secession to be to combat, in the first place, Communism, and, in the second place, the new currency measures that had been adopted by the Government at Nanking.

The foreign trade of China continued to shrink as a whole, though an encouraging feature was to be seen in the substantial lowering of the adverse balance. According to the Customs returns, imports were ten per cent. less than in 1934, but the official figures did not show the real position, for the illicit importation of goods by smugglers in

¹ The effect of the reforms of the 3rd November, and the Minister of Finance's further announcement of the 17th May, 1936, are dealt with in Part III, on pp. 406-7 and 409, below.

² See pp. 322-4, below.

North China reached very serious proportions. Most of this smuggling took place through the demilitarized zone controlled by Mr. Yin Ju-keng,¹ where it was made easy by the fact that the Chinese Government's preventive cruisers were not allowed to function within the three-mile limit. The value of goods smuggled into China in 1935, principally through territory under Japanese control and in vessels arriving from Japanese ports, was estimated by the chairman of the Bank of China to amount to no less than 210,000,000 dollars, or twenty per cent. of the legitimate imports.

(iii) Internal Developments in Japan

A dominant feature in Japanese public affairs in 1935 was the conflict which developed between established authority on the one hand and the champions of what was known as the 'Showa Restoration' movement on the other. The latter, which bore at least a superficial resemblance to the German National-Socialist revolt against the post-war liberal régime, was a reaction against the democratic system of government which Japan had copied from the West, and an attempt to resuscitate in their fullest connotation the theocratic traditions of ancient Japan. Its development in the preceding three or four years, which was duly noted in successive volumes of the *Survey*,² had displayed itself, on the negative side, in acts of personal violence against liberal statesmen and in an active hostility to the 'capitalists', and, on the positive side, in a championship of the interests of the peasantry, in a reaffirmation of the supreme power of the Emperor, and—in the sphere of external affairs—in a propagation of the creed that Japan was the possessor of a 'divine mission' to establish a moral supremacy over all her immediate neighbours, if not, as the more advanced exponents of the doctrine contended, over the whole world.³

The movement had its main roots in the ranks of the junior military officers, the associations of reservists, and the numerous secret societies existing all over the country, but its influence was in process of spreading rapidly to the mass of the civil population, taking particular

¹ See below, pp. 329-30.

² See the *Survey for 1932*, pp. 424-7; the *Survey for 1933*, pp. 474-6; the *Survey for 1934*, pp. 638-41.

³ As an instance of the length to which this doctrine was carried, the following passage may be given from *Japanese and Oriental Political Philosophy*, by Chikao Fujisawa (quoted in *The Fortnightly Review* for January 1936, p. 81): 'Only the realization that the one and absolute sovereignty is vested in Heaven, and that, on behalf of Heaven, a certain nation shall be entrusted with the performance of this sovereignty for the benefit of all Mankind, can pave the way to final world peace and international co-operation.'

hold in the country districts, where it was promoted by means of so-called 'spirit camps' in which physical and vocational training, combined with moral instruction and political propaganda, was dispensed to young people in a manner not unlike that to be seen in the labour camps of Germany.¹

The leaders of the movement were vehemently opposed to the professional politicians, whom they branded as unpatriotic and corrupt, and a strong agitation had grown up among the junior ranks of the Army against Cabinet control over military affairs and over the budget of military expenditure. This 'Fascist' element was in almost open revolt against the more moderate-minded superior officers, and breaches of discipline became of frequent occurrence. The junior officers, taking their stand on the axiom that the sole legitimate object of loyalty and devotion was the Emperor in person, and that therefore obedience to their superiors in rank was due only in so far as the latter acted as the direct agents of the Imperial will, arrogated to themselves the decision as to which orders were valid and which were not.

By the summer of 1935 this situation had developed to a critical point, at which it threatened the whole discipline of the service. A certain number of officers in senior positions were known to be in sympathy with the movement, and the Minister of War, General Hayashi, decided to strike at the evil by removing these members of the 'progressive faction' from their important posts. In this he was opposed by General Mazaki, the Inspector-General of Military Education (who, with himself and the Chief of the General Staff, formed the triumvirate at the head of military affairs). The War Minister called on his colleague to resign, and, when he refused to do so, took the drastic step of relieving him of his duties. At the same time other changes of personnel were carried out, including the removal of two members of the Supreme Military Council, and in the following month transfers were made affecting nearly 5,000 officers, belonging mostly to the 'Fascist' faction.

On the 12th August one of these officers, a lieutenant-colonel of the name of Aizawa—who had been ordered to take up a post in Formosa—visited the office of the Director of the Military Affairs Bureau of the War Office, Major-General Nagata, and stabbed him to death as he sat at his desk.

¹ The 'spirit camps' are said to have started nearly ten years before, having had their origin in a Student Peasant Camp modelled on similar camps in Denmark. The camps were organized by various bodies, but were recognized and supported by the War Office.

In the subsequent trial the assassin explained the motive of his crime. After speaking of the 'presumption' of his chiefs in assuming personal responsibility for the changes of personnel, he said: 'I was determined to bring about the Showa Restoration by . . . contributing to the cause of the Imperial command of the Army.' Declaring that 'God made me draw my sword', he adjured the court martial to consider the spiritual aspect of the murder, informing them that, before committing it, he visited the Grand Shrines at Ise and besought heavenly assistance. These statements led the counsel for the defence to make the pertinent observation that 'this case is peculiar to Japan. Statesmen and the people generally must be alive to the fact that it has features which are entirely unimaginable in foreign countries.'

Undeterred by the symptoms of the discontent aroused by his firm measures, General Hayashi called a conference of senior commanding officers on the 26th August and openly warned them against irresponsible speech and action, stating that stern action would be taken to discourage affiliations subversive of army discipline. At the same time the Supreme Military Council, according to a report issued on the authority of the Rengo news agency, met and adopted a resolution that officers should thenceforward be required to keep aloof from politics. On the 4th September the Minister of War, having—or so it seemed at the time—vindicated his policy at the expense of the dissatisfied elements in the service, took the course prescribed by Japanese custom and resigned his post. He was succeeded by General Kawashima, whose reputation as a 'moderate' was similar to his own.

Although the principle of the exclusive authority of the Emperor, when invoked by Army officers as justification for acts of insubordination, had not been allowed to stand in the way of discipline, it received strongly pronounced official recognition in connexion with what became known as the 'Minobe affair'. Dr. Minobe, a Professor Emeritus of the Imperial University at Tokyo and a member of the House of Peers, had identified himself in the course of thirty years' teaching of constitutional law with a doctrine described as the 'Emperor-organ theory'. The doctrine, which had wide support among the 'intellectuals' in Japan and was held by a large number of civilian Government servants, implied that the Imperial authority was derived from the Emperor's position as head of the state, the state itself being the ultimate repository of the rights of government. The doctrine and its originator became the object of attack by the ultra-loyalist military faction, and the matter was brought to the attention of the

Government. At first the Prime Minister declined to take action in a matter concerned with abstract theories of law, but in April, under persistent pressure, he agreed to suppress two of Dr. Minobe's works which were in use as university text-books. The agitation continued, stimulated especially by the reservists' associations, and it became linked with the issue of political control over military affairs. This issue, which had come to the fore in 1930, when the Emperor, acting on the Prime Minister's advice, had approved the London Naval Treaty in the teeth of the opposition of the Chief of the General Staff, had since developed into a standing conflict between a large section of the fighting forces and their political chiefs, notwithstanding the fact that the latter were invariably serving officers and had their authority limited by the right possessed by the two chiefs of the General Staff of direct access to the Throne.

On the 3rd August the Government—'dragged to it', as the *Asahi* remarked, 'by the strong opinion of the Army'—published a pronouncement on the constitutional issue in which, adopting the phraseology of the anti-Minobe faction, they declared that the basis of Japan's national policy was contained in the charge given by the Sun Goddess to her grandson the first Emperor on his advent in Japan. After tracing the transmission of divine authority through the unbroken Imperial line and quoting the claim to unrestricted authority incorporated in the Meiji Constitution, the Charter of modern Japan, the statement concluded that it was 'clear that supreme power rests with the Emperor'. The statement was interpreted as a surrender to the Army's claim that the advice of the General Staffs in military affairs should be regarded as final and decisive. In October the Government went a step farther by effecting an 'educational purge', which consisted of a revision of the text-books and teaching on constitutional theory. Dr. Minobe was compelled to resign his seat in the House of Peers but was not otherwise molested.

The foundations of constitutional government in Japan, weakened by the schism between the politicians and the fighting forces, were further threatened by the impending disappearance of the greatest stabilizing institution in Japanese politics, namely, the Elder Statesmen. The sole survivor of the *genro*, Prince Saionji, was a man of over eighty, and an attempt on his life had already been made in the December of the previous year. The importance of preserving in some form the existence of an independent body of super-statesmen to give advice on matters of major policy had been recognized for several years past, and in May 1935 a practical attempt at a solution was made by the creation, under an Imperial Ordinance, of a National Policy Council

composed of senior members of both houses of parliament and a few independent men of affairs. The function of the Council was 'to inquire and deliberate on important national policies, on the instruction of the Prime Minister', and for this purpose it was endowed with an investigation bureau, consisting of fifteen officials of high rank, and an advisory board. In so far as the new institution was intended to recapture the co-operation of the party leaders, who had remained consistently unfriendly to the bureaucratic administrations that had been in office since 1932, it failed in its object, for the major party, the Seiyukai, withheld its participation and expelled two of its members who accepted the invitation to membership.¹

The revolutionary movement dealt with in the earlier part of this chapter owed much of its origin to the chronic economic distress prevailing among the farming population, from which in recent years an increasing proportion of Army cadets was recruited. A certain measure of relief was experienced by the farmers in 1935 through a recovery in the price of raw silk—next to rice, the most important product of the countryside—which was mainly attributed to increased purchasing capacity in the United States, though it was partly due also to a restriction of production. The boom, welcome though it was, could not, however, affect the fundamental gravity of the agrarian situation, which was bound to remain the most crucial problem for the Japanese nation, whose whole future appeared to many competent observers to depend upon its successful solution. For this the Japanese farmer could look only to industry to deliver him from his crushing financial burdens and from the consequences of rural over-population, for which there was no other means of relief than the absorption of surplus labour into factory life. To bring this about, it was necessary that industry should prosper and grow, and that its development should be brought under state control and be shaped to serve the interests of the agricultural population. The second of these requirements was what the militarist-reformers were aiming to bring about by schemes of state socialization, of industrial development in rural areas and of large-scale 'farm relief'. In this direction, however, there was little progress to record. The Government continued their policy of favouring the industrialists and financiers in preference to the agrarian classes, and in 1935, in spite of the seriousness of the agrarian problem, they supplemented the 'farm relief' fund by a paltry 15,000,000 yen, although the Seiyukai Party in the Diet had asked

¹ It was reported from Tokyo on the 28th April, 1936, that the National Policy Council had been dissolved, though the Investigation Bureau was to be kept in being (see *The Times* of the 29th April, 1936).

for an additional 180,000,000. The reformers themselves, realizing how much their schemes of military expansion depended upon maintaining industrial exports as a means of paying for the imports required for war munitions, showed signs of relaxing their anti-capitalist campaign and of joining forces temporarily with the mammon of unrighteousness.¹ No change was made in the policy of taxing industry lightly, and the huge annual demands of the fighting services upon the country's revenue left nothing available for national schemes of rural rehabilitation—a state of affairs which naturally conduced to the growth of a spirit of revolt among the junior military officers, who were recruited largely from among the younger sons of the smaller landlords.

The pivotal position occupied by industry in relation to the whole economic situation in Japan gave it a national significance greater even than its intrinsic importance implied. On the one hand it offered, as has already been mentioned, the only visible way of escape from the disastrous results of agricultural over-population, and on the other hand it was essential in order to enable Japan, by means of industrial exports, to import the raw materials which she required in ever increasing quantities to meet the expanding demands of the military arsenals and of development enterprise, particularly railway construction, in Manchuria.²

In these circumstances, Japan's ability to maintain the rate of industrial output was a matter of supreme national importance. Taken by themselves, the production statistics indicated a continuance of the rapid expansion of the previous three years, the index figure for the autumn of 1935 (based on the 1928 level) standing at 192 as compared with 165 for 1934. But signs were not lacking that the industrial boom was approaching its zenith. Over-production was apparent in several of the principal trades—notably in the manufacture of rayon, which had risen with such spectacular speed to the point at which Japan became the world's second largest producer—and restrictive measures were applied in the year under review to a

¹ This tendency was especially noticeable in their policy in regard to the industrial development of Manchuria.

² In 1935 the values of Japan's imports were as follows:

	Yen (in millions)
Total imports	2,424
Raw cotton and wool	884
Iron	204
Rubber	51
Coal	48
Oil	36

Iron imports alone were forty-five per cent. greater than in 1933.

large number of industries manufacturing goods for export, including rayon, cotton, porcelain, enamel-ware, rubber shoes, bicycles and electric bulbs. In the case of cotton goods the increase in exports failed to keep pace with the increase in output, a fact which raised fears of a coming glut in production.

The rise in the price of raw silk, by increasing the value of Japan's exports, enabled her practically to eliminate in 1935 her adverse balance of trade, which had been growing since 1931 and had reached in 1934 the formidable figure of 110,000,000 yen. The benefit to national finance was offset, however, by the continuous drain of capital to Manchukuo, and the resulting deficit in the country's balance of international payments had to be met by drawing on her other overseas investments, thus depleting the reserves on which she could fall back in the future. The budgetary position showed no improvement. Military expenditure continued on its upward course, passing the 1,000,000,000-yen mark¹ for the first time in 1935 and constituting nearly one-half of the Government's total expenditure and about seventy per cent. of its revenue from taxation. The insistent demands of the Defence Ministries had to be met by further domestic borrowing, with the result that the total public indebtedness rose to over 8,500,000,000 yen, and its annual service alone amounted to thirty-five per cent. of the national income. The banks and the public responded to the fresh call for capital, but their capacity to continue to absorb Government loans showed signs of nearing its limit. In these circumstances, with no prospect of any slackening off of national expenditure, with sources of revenue already strained to the utmost and with the problem of agrarian distress urgently clamouring to be dealt with, the financial outlook became increasingly threatening. Mr. Takahashi,² the veteran Minister of Finance, took no pains to conceal the gravity of the situation, and his Vice-Minister, Mr. Tsushima, frankly informed the leading bankers, who were summoned to a conference in October, that 'Japan now faces an unprecedented financial crisis, and in comparison with other countries her finance is in the most alarming state'.³ Japan, in fact, if she had not reached the point of financial disaster, was only saved by the fact that the Japanese people were showing themselves to possess, in a very exceptional degree, a reserve of strength in their spirit of self-abnegation and of dedication to the interests of the state on which Japan could count in facing a

¹ The actual expenditure on the Army and Navy in 1934-5 was 941,000,000 yen.

² Mr. Takahashi was assassinated in the military revolt of the 26th February, 1936.

³ See *The Japan Chronicle* of the 17th October, 1935.

crisis that could hardly fail to be fatal to a country that was less well disciplined and less firmly united.

Japan's financial predicament lent further emphasis to the importance of maintaining, if not increasing, her export trade. Although Japanese exports maintained their level in 1935, the increasing tendency throughout the world to raise trade barriers, and in many cases—as in the British colonies and the Netherlands East Indies—specifically to limit the import of Japanese textiles and other competitive manufactures, gave serious cause for concern. The attitude of Japan in the matter was expressed in the Diet in May 1936 in a speech by the new Foreign Minister, which ended on a significant note of warning. On that occasion Mr. Arita said:

Since our nation cannot sustain its economic life except by securing abroad a supply of raw materials and a market for finished products, we shall have to continue our efforts by friendly means for the abolition of economic armaments; but, should conditions fail to improve despite our endeavours, we might be compelled to adopt the necessary measures in order to meet the situation.

(iv) Sino-Japanese Relations and the Political Control of North China

The existence of two separate and distinct focal points, which had been since the Manchurian affair of 1932 a characteristic feature of Sino-Japanese relations, continued to be so in 1935. Nanking remained the centre for orthodox diplomatic intercourse, while Peiping was the scene of *pourparlers* carried on with the Chinese authorities by the unaccredited agents of Japan, consisting of local garrison commanders, representatives of Army Headquarters, and peripatetic officers of indeterminate status. In the circumstances it is convenient, if not inevitable, to make a similar geographical division in surveying the events of the year, and to treat developments in North China separately from the rest.

In the general relations between Japan and China there was, as was observed in the *Survey for 1934*,¹ some evidence of increasing amity in the earlier months of 1935. In both countries a more conciliatory note appeared in the public utterances of leading politicians; personal contact was restored, after a long term of suspension, between General Chiang Kai-shek and the representatives in China of the Japanese Government; and the Chinese Government gave evidence of a willingness to respond to Tokyo's demands for more effective control of anti-Japanese agitation by circulating warnings to the pro-

¹ See pp. 661-2.

vincial and municipal authorities to suppress movements 'likely to impair relations with other countries', and by having school textbooks revised with a view to eliminating passages offensive to Japan. A propitiatory spirit—or perhaps a subservient spirit would be a more fitting description—was shown also when a Shanghai newspaper printed references to the Emperor of Japan to which the Japanese Government took exception; the editor was put on trial and the responsible censor dismissed. The Japanese Government, for their part, made a gesture of goodwill and paid a compliment to China by elevating their diplomatic mission to the rank of Embassy, the change taking place on the 14th June.¹ The raising of the status of the Japanese representative, carrying with it, as it did, an access of 'face' to the Chinese Government, brought to the surface the ever present conflict between the policy of the Japanese Foreign Office and the views of the military faction regarding the means to be used for achieving Japan's objects in China. Mr. Hirota's method was that of steady and patient persuasion—always, of course, with the threat of force in the background—and of remaining on terms of at least outwardly friendly intercourse with the Government at Nanking. His agent in Nanking, Mr. Ariyoshi, an experienced and amiable diplomat well fitted by character for his task, had, it was understood, reported to his chief early in the year that the 'co-operative' policy was proceeding smoothly and that the Chinese Government were giving evidence of the desired 'sincerity' in their relations with Japan. The militarists, on the other hand, never ceased from their denunciations of the 'treachery' of the politicians at Nanking, whose protestations of amity were declared to be 'nothing but words'; direct enforcement of demands was, the militarists insisted, the only effective method of dealing with the Chinese. When the intention to raise the Legation to an Embassy was announced in May, Mr. Shigemitsu, the Vice-Minister for Foreign Affairs, was called on by Army delegates, who demanded that no further steps should be taken by the Foreign Office without consultation with the military authorities. The circumstances were fully reported in the press, and when, in the sequel, the Foreign Minister dared to ignore the militarists' attempt to interfere in his domain, the fact was acclaimed as a triumph for the civil authority and a sign of the recovery of its influence in the public life of Japan.

The 'co-operation' required by Japan from China implied, in the political sphere, first an official repression of all anti-Japanese

¹ The example was followed in the course of the next three months by Great Britain, Germany and the U.S.A.

manifestations in China,¹ and secondly a collaboration in Japan's crusade against Communism. Demands on these two points were main features of the 'three-point programme' which was presented to the Chinese Ambassador in Tokyo in the month of October (the third demand being for the recognition of 'Manchukuo'). As regards action against Communism, no specific statement was publicly made concerning the measures required to be taken by Nanking, unless, indeed, the demand for acquiescence in the setting up of the so-called anti-Communist régime in North China was to be regarded in this light. In the field of economics, co-operation, as understood by Japan, meant that China should facilitate the creation of a Sino-Japanese economic bloc. The fundamental idea of the bloc was that China should furnish Japan with industrial raw materials and provide a market for Japan's manufactured goods, and the first stage in the programme was the development of Chinese cotton-cultivation for the benefit of Japanese spinning-mills. The extension and improvement of cotton-growing had been one of the chief preoccupations of the Chinese National Economic Council. For internal consumption in China a comparatively low-grade type of cotton was for the time being all that was needed. The modern mills in Japan, however, were adapted to the use of the longer-staple American cotton, which in recent years had progressively displaced Indian cotton in Japanese factory consumption. In order to lessen her dependence for cotton-supplies on the United States—a potential adversary—it was of supreme importance to Japan to develop a source of supply within her own sphere of control. The first efforts in this direction were to be made in Shantung province and were part of a plan, in which the Chinese Government were invited to participate, involving the planting of no less than two million acres of American cotton in North China. This would result, it was hoped, in ensuring within five or six years the provision of supplies of raw cotton equal in quantity to Japan's current imports from America. Material and technical assistance to the cotton-growers was to be provided from Japan, the quantity of seed already distributed in 1935 to the Shantung farmers amounting, according to reports, to 80,000 lb.

Meanwhile the effects of the currency difficulties into which China had fallen were arousing serious concern among other Powers with

¹ Anti-Japanese sentiment among the Chinese intelligentsia showed no signs of diminishing and was undoubtedly a matter of genuine concern to the authorities in Japan. Among instances quoted by foreigners residing in China was a catechism said to be commonly heard in Chinese schools which included such questions and answers as: 'Why do we strive to keep our bodies and minds fit?' 'In order to be able to combat Japan.'

a stake in that country. In February and March 1935 the British Government, disquieted at the prospect of China's economic collapse, entered into conversations with the Governments at Washington, Paris and Tokyo with a view to concerting a plan of international assistance to China for correcting her currency difficulties. The response from the other three Governments at first encouraged hopes that consideration might be given to practical proposals to safeguard China's currency in the interests of international trade. No indication having been given publicly of the nature of the assistance to China which the British Government had in mind, it was widely assumed that an international loan was contemplated. The American Under-Secretary of State, in addressing press correspondents, said that if China needed or desired 'financial assistance from abroad', his own Government were at one with the British Government in favouring a sympathetic consideration of the possibility of 'rendering such assistance' by co-operative action among the Powers concerned. The *démarche* of the British Foreign Office was therefore not unnaturally interpreted as being a proposal for international financial assistance, involving a loan or the granting of credits, and this was a form of foreign activity in relation to Chinese affairs against which Japan had, just a year before,¹ declared herself to be opposed in principle. Reports appeared in the Japanese press, based on messages from Washington, that the British and American Governments were contemplating an international loan 'in order to checkmate a Chinese and Japanese *entente*'. It was not surprising, in these circumstances, that the Japanese Government hastened to give a fresh indication of their disapproval of international schemes for financial assistance to China. They let it be known that they considered an international loan 'unnecessary and undesirable'.²

The British Foreign Office took an early opportunity of disclaiming any action to promote an international loan. The Foreign Secretary stated, in reply to a question in the House of Commons on the 11th March, that no suggestion for a loan had been made by His Majesty's Government, and this statement was amplified three weeks later by the Under-Secretary of State, who informed the House of Lords that China had originally inquired whether Great Britain would be prepared to support her by means of a loan, but that the British Government had, after sympathetic consideration, come to the conclusion that the scheme put forward would offer no real and lasting solution of China's difficulties.

¹ See the *Survey for 1934*, p. 651.

² See *The Times*, 7th March, 1935.

Whatever the actual tenor of the British proposals for international collaboration may have been, they met apparently with no immediate practical response; and, in the absence of any concerted action, His Majesty's Government decided to take the lead by instituting an inquiry into conditions on the spot. On the 10th June the Foreign Office announced the intention of the Government to send their chief economic adviser, Sir Frederick Leith-Ross, on a mission to investigate and report upon the economic conditions in China 'in order that his expert advice may be available to His Majesty's Government for the purpose of discussing with the Chinese Government and with the other Governments concerned the problems to which the present situation gives rise'. It was subsequently announced that they had invited the United States, Japanese, French and Italian Governments to take similar action; but the invitation received no response. In the second week of August, Sir Frederick Leith-Ross left London for the Far East, breaking his journey at Tokyo, where he held conversations with representatives of the Japanese Government. As was to be anticipated, his proposals for joint action met with a cool response. In the Japanese press, indeed, the British expert's visit was the subject of outspoken adverse comment. The newspapers echoed the orthodox Japanese view that loans to an unreformed Chinese administration could not be other than mischievous, that if such loans were made the funds would only be squandered, as so often in the past, and that China ought to, and could, remedy her budget deficits by savings on military expenditure and, as some of the writers added, by turning to Japan, the cheapest market in the world, for buying imported goods.

Although no formal objection to the Leith-Ross mission to China was raised by the Government in Tokyo, popular antagonism became increasingly pronounced after Sir Frederick's arrival in China, and Japanese suspicions were fomented by a circumstantial report which, though apparently baseless, gained credence in Japan, that he was engaged on a scheme for floating a £50,000,000 loan, with the co-operation of the British Government, to be secured on the Government railway revenues. Later on in the year, when the Chinese Government introduced their currency measures¹ without consultation with Japan, Japanese indignation broke out in public attacks, emanating mainly from military quarters, against China and Great Britain. It was not unnaturally deduced that advice from the British financial expert had played an important part in the formulation of the Government's currency plan. Added to this belief there was the

¹ See pp. 309-10, above, and pp. 406-7, below.

further suspicion aroused by the rumours of a loan with British assistance to which reference has been made above. 'If this is true', ran a Japanese War Office *communiqué* of the 9th November, 'the leaders of the Nanking Government cannot escape criticism for selling their country to foreigners for their own aggrandisement. Japan, as a stabilizing influence in the Far East, cannot overlook any attempt on the part of Great Britain to place a semi-colonial China under the domination of British capital.' The *communiqué* also forecast that the Chinese currency scheme would soon cause the Chinese bank-notes to become worthless, and declared that a forcible surrender of North China's silver stocks to Nanking would throw that region into irremediable economic confusion. The situation was somewhat eased when the Nanking Government yielded to Northern demands by establishing local reserves for provincial silver instead of taking it into their own coffers. Sir Frederick Leith-Ross himself denied that he had exerted any influence upon Nanking, and declared that no loan was contemplated. The Chinese Government, he said, were solely responsible for the new policy, the success of which would benefit both British and Japanese trade. China's silver resources, he added, should be sufficient to tide her over until the balance of trade was rectified by the operation of a stable exchange, which he believed could be maintained without any loan.¹ His disclaimer of responsibility for what had taken place had no great effect, however, in abating the outburst of Japanese ill feeling against Great Britain, the underlying cause of which was probably to be found in the mistaken conviction that British policy was fundamentally aimed at obstructing Japan politically and economically. Thus the British Government's attempts towards international co-operation for the benefit of China produced, on the surface at least, only negative results, evoking positive hostility in Japan and a real or calculated

¹ In a statement to representatives of the press at Shanghai on the 22nd June, 1936, Sir Frederick explained his connexion with the currency reforms promulgated on the 3rd November in the following words:

'I did not bring any cut and dried scheme out with me to "put over" the Chinese Government. There were several possible alternatives, and the decision between them, depending as it did largely on Chinese psychology, could only be taken by the Chinese Government. I was examining the situation with a view to the preparation of a detailed programme with adequate safeguards, and, if possible, with international support. But before any such scheme could be devised, the exchange market became dangerously weak, and the Chinese Government decided to adopt an inconvertible managed currency on the basis of their own resources.

'I had no responsibility for this bold step, but I have of course closely followed the situation, and I have no hesitation in saying that the action taken has been fully justified by the success which it has achieved.'

indifference in the case of the other Powers. There can be little doubt, on the other hand, that their action in sending an eminent financial expert to China, whose experience and judgment could be made available to the Chinese authorities at a very critical period, was of material assistance to China itself, and that their proof of practical concern in Chinese affairs did a good deal to counteract, so far as Great Britain was concerned, the sense of abandonment which the Western Powers' lack of support for China against Japanese aggression had implanted in the minds of the Chinese during the last few years.

Mention has been made above¹ of Japan's 'three-point programme' for regulating her relations with China. Having established a position in Chinese affairs *vis-à-vis* the rest of the world, by declaring her 'Monroe Doctrine for East Asia' in the preceding year, she now took this further step forward by formulating her demands on the Chinese Government under three specific headings. These, besides being communicated to China through direct diplomatic channels, in the manner already recorded, were included by Mr. Hirota in his annual review of foreign affairs delivered in January 1936 in the Imperial Diet. What the Chinese response to these demands would be was not yet apparent. There had been unmistakable signs in the vernacular press and elsewhere of a stiffening of temper among the Chinese people as a whole in their attitude to Japan. The Government, on the other hand, gave no visible evidence of an intention to exchange their current policy of acquiescence for one of active resistance to Japanese claims. It was credibly rumoured, even, that Nanking, at the end of the year, was preparing to approach Tokyo with proposals for a general settlement of outstanding issues. Of these issues the most urgent at the moment was obviously that which had arisen in regard to North China, and we must now pass on to consider the developments which had taken place in that area.

'North China'—although a somewhat elastic term when used in relation to Japanese claims—could be taken broadly to mean the whole of China north of the Yellow River, with an extension to the south of that river to include the lower half of the province of Shantung. It embraced, therefore, what remained of Chinese Mongolia—Ningsia, Suiyuan, and the greater part of Chahar—together with three rich and populous provinces inside the Wall, namely, Hopei, Shansi, and Shantung. Since the seizure of Jehol in 1933, Japan's western advance had remained temporarily suspended, but it was clearly only a question of time before Japanese troops would resume their thrust

¹ See p. 320.

along the Mongolian corridor. It was also the evident intention of Japan to establish economic control over the whole of North China and to bring about its partial, if not its complete, political severance from the central authority at Nanking. On these objects of policy the military and civilian factions in Japan were unquestionably at one. Upon the methods to be followed there was, on the other hand, evident disagreement. The Foreign Office, having put on the velvet glove and made up its mind to work by pacific persuasion to bring the whole of China into 'co-operation' with Japan, was naturally anxious to avoid a breach of relations with Nanking. The military element, on their side—represented by the Kwantung Army and its detachments in North China—had little patience or sympathy with the view of the diplomats, and were determined to get their way in the North by the use of the naked iron hand, regardless of effects in the wider field of Sino-Japanese relations. Indeed, they openly worked to undermine General Chiang, upon whose power and authority their Foreign Office colleagues were apparently counting for the carrying through of their plans. As a test of the relative power of the militarists and the civilians, we may observe that this conflict between the soldiers and the diplomats led, in the end, to no conclusive results, for although the Army commanders were able to make North China their private preserve for a time, they had, as time went on, to co-ordinate their policy with that of the Foreign Office, and, in December 1935, to accept, without resorting to arms, what was at least a temporary failure in their plans for an independent North China.

Military operations began early in January 1935 with a movement of Japanese troops into Chahar. The reason given for the advance was that the Governor of the province, General Sung Che-yuan, had allowed his troops to violate the Chahar-Jehol frontier, the position of which, although it had been well established as a provincial boundary under the former Chinese régime, had now become ambiguous, since the limits of Japanese territorial claims had not been defined after the occupation of Jehol two years previously. The conflict was settled locally by a mutual agreement to withdraw troops and by a demarcation of the frontier which brought a considerable strip of Chahar within Manchukuo territory. The third week of May saw a fresh advance. Japanese troops invaded the demilitarized zone on the pretext of dealing with banditry, and threatened to advance on Peiping. It was under cover of this threat, accentuated by aeroplane flights over the city itself, that the Japanese military authorities launched the first of a series of demands upon the Provincial

Government which, in the following months, were to become progressively more drastic. The initial group of demands—presented by the Chief of Staff of the Japanese forces in North China to General Ho Ying-chin, President Chiang's principal agent in the North and chairman of the Peiping Military Council—were never officially published, but these were understood to include the dismissal of the Governor of Hopei, General Yu Hsüeh-chung, and the withdrawal of his troops from Tientsin, the winding up of the Military Council and the closing of all organizations described as 'anti-Japanese'. The demands were accepted, and General Yu was transferred from his post on the 4th June. Compliance, however, apparently had no other effect than to whet the Japanese militarists' appetite, for almost immediately afterwards fresh demands were presented, including, this time, the closing of the local branches of the Kuomintang and the suppression of the 'Blue Shirts'—who were described as a nationalist organization of a Fascist complexion owing personal loyalty to President Chiang Kai-shek himself. Again the Peiping authorities gave way; but when the Japanese military authorities demanded written guarantees of compliance, the Political Council refused to go any farther without express instructions from President Chiang, who was absent in Szechuan; and General Ho, to avoid further pressure, withdrew himself to Nanking. At this juncture the centre of gravity swung back temporarily to Chahar, where a critical situation arose owing to the detention, by the Chinese authorities in the district of Changpei, of a party of Japanese officers who were travelling without passports. As satisfaction for this incident the Japanese military authorities required and obtained the removal of the Chinese troops from the district, thus in effect extending the zone of demilitarization, which now stretched almost to Kalgan on the Peiping-Suiyuan railway;¹ they further demanded General Sung Che-yuan's dismissal from the Governorship of Chahar.

By midsummer, therefore, the Japanese, reckoning up their gains in North China, could credit themselves with a substantial addition to the Inner Mongolian territory brought under their effective control, and with having succeeded—through the substitution of their own nominees in the chief administrative posts and the elimination of bodies capable of organizing resistance—in preparing the ground for the 'independence movement' in North China on which their plans were built. They seemed, in fact, to have progressed so far at

¹ Later in the year Japanese troops occupied all this additional area. Chinese consent was also obtained to the establishment of a Japanese aerodrome at Kalgan itself.

this time that opinion in China itself, as gathered by the local correspondent of *The Times*, was that 'the Chinese Government's authority north of the Yellow River is extinguished'.

At this juncture an unexpected lull occurred in the activities of the Kwantung Army's representatives in Peiping; and between June and September the military movements and the accompanying political demands were in abeyance. The Japanese military cliques were, however, busily occupied during this interval in forwarding their economic projects in Manchukuo and North China. The Army leaders conferred with the heads of the South Manchuria Railway Company's Administration—now under the presidency of Mr. Matsuoka, of Geneva fame¹—with a view to the utilization of the company's financial resources for the exploitation of the natural wealth of North China, that is to say of the coalfields of Shansi, the iron-ore deposits of Chahar and the cotton-growing capacity of Shantung and the other northern provinces.² Reports were frequent of Japanese prospecting parties busy in their various fields, and of the formation, or attempted formation, of Sino-Japanese commercial associations at Tientsin and elsewhere for the encouragement of joint enterprise. These preliminary attempts towards the realization of the Japanese ideal of an economic bloc in which China would furnish Japan with raw materials in exchange for manufactured goods met with a mixed reception on the Chinese side. While rejected in some quarters as an economic enslavement of China, which would shut the door on her future industrial development, the scheme was not without its appeal to the mercantile class, who in the autumn of the year participated in an economic mission to Japan to discuss schemes of co-operation.

An intimation that politico-military activity was being resumed by the Japanese in North China came in the last week of September, when Major-General Tada, the officer in command of the North China Garrison, gave a talk to press correspondents in which he made the significant remark that a new political system, independent of Nanking, was 'necessary' in North China. Pamphlets appeared at the same time from the Japanese Army Headquarters in which the authors demanded the liberation of North China from the control of the Central Government and delivered themselves of violent personal attacks on General Chiang Kai-shek. At this moment, too, there

¹ See the *Survey for 1933*, pp. 485 *seqq.*, 492 *seqq.*

² Of China's principal natural resources it was estimated that North China contained 60 per cent. of iron-ore reserves and 80 per cent. of coal reserves (65 per cent. of actual present production).

appeared in the Chinese press a remarkable document which was reminiscent of the famous Tanaka memorial that had aroused so much strong feeling a few years earlier. It purported to be a memorandum by General Tada, intended for the instruction of Japanese journalists, through whose indiscretion it had been allowed (according to the Chinese) to leak out. The memorandum denounced the tyranny and high-handedness of the Occidental nations in their dealings with Orientals and the avariciousness of China's own rulers, concerning whom it declared that no satisfactory understanding was possible with the existing authorities in China. The writer then expounded the line to be followed by Japan in North China, namely the creation of a sphere which would be free from all political interference by the Chinese or by foreigners and would constitute, in the words of the memorandum, 'a paradise for the co-existence and mutual prosperity of the two nations—a land of quiet where Chinese and Japanese can live in peace and enlightenment'.

Japan's policy in China must, the writer continued, be based upon her 'mission received from Heaven' to promote her national expansion and simultaneously to emancipate the peoples of the East from oppression: 'Japan must, with intrepidity and valour, make straight for the fulfilment of the Imperial Rescript issued by the first of our august Emperors, by helping our weak neighbours and bringing about real and everlasting peace in the East.'¹

A fortnight after the appearance of the 'Tada Statement', a Japanese military conference held in Dairen translated its somewhat nebulous terms and mystic conceptions into a concrete programme of action. It was decided, according to the reports which appeared in the press, to demand the conversion of North China into what was described as 'an area of Sino-Japanese co-operation', and to meet any opposition which the Chinese Government might raise by insisting on the withdrawal of the remaining Chinese troops and on the complete severance of economic relations with Nanking. From this

¹ The belief in a divine mission implied in the Japanese doctrine of the 'Imperial Way' (Kodo-shugi), and expressed in language reminiscent of the Hebrew prophets, had become a common feature of Japanese contemporary writings, of which some striking examples are contained in an article by Mr. Guenther Stein in *The Fortnightly Review* for January 1936. One of these has been quoted already in footnote 3 on p. 311, above.

The conception of Japan's destiny as a super-state was, however, nothing new. When advocating Japan's emergence from seclusion in the middle of the nineteenth century, the last Shogun's Prime Minister, Hotta, urged upon his master that he should follow the path which would make Japan 'ruler of the world, and so enhance her prestige and power that the nations of the world would come to look on her Emperor as the ruler of all nations'.

time onwards the march of events was swift. Further ground was cleared through the arrest by the Japanese of several over-patriotic officials, and on the 29th October a new series of demands was presented in Peiping. These were largely a repetition of what had gone before, and the principal headings were economic co-operation between North China and Manchukuo, the cessation of anti-Japanese movements and the repression of Communism. In the absence of General Ho, the Chinese official who had to bear the brunt of these fresh demands was the ex-Governor of Chahar, General Sung Che-yuan, who had now apparently re-entered into grace with the Japanese, since he had been allowed to accept appointment as local Garrison Commander. The stage now appeared to be set for a declaration of the autonomy of the five northern provinces. Japanese troops were massing inside the Wall and the Governors of Chahar, Shansi and Shantung were daily awaited in Peiping, where it was expected that a supreme attempt would be made by Generals Tada and Doihara to induce them to secede from Nanking. When it came to the point, however, the curtain refused to rise. Not only did the Governors remain at their posts, but General Chiang Kai-shek, with his hands strengthened by the outcome of the Kuomintang Congress,¹ telegraphed instructions on the 21st November to General Sung to suspend negotiations with the Japanese military commanders and to refer the issue to the Central Administration.

In adopting this bold line, General Chiang was able to play on the jealousies which existed not only between the Japanese military authorities and the Japanese Foreign Office, but also in a marked degree between individual Japanese officers who were playing their own hands in the politics of North China. While the Kwantung clique persisted in their attacks upon the 'Generalissimo', the Foreign Office let it be known that the Japanese Ambassador in Nanking was prepared to initiate discussions with General Chiang concerning the North China autonomy issue. Conversations began between him and Mr. Ariyoshi in Nanking; General Sung acted in accordance with orders; and for the time being the Japanese military commanders in the North found themselves sidetracked. They accepted this check to their plans without resort to violent action, and the scheme for 'five-province' autonomy was allowed to fall into abeyance. On the 24th November, however, the autonomy movement sprang up in a new, but restricted, form. A declaration of independence was made by Mr. Yin Ju-keng, the administrator of the eastern section of the demilitarized zone in Hopei—an area comprising twenty-five *hsien*

¹ See p. 307, above.

which had a population of about five million Chinese and was of great economic importance on account of the coal-mines situated in the district, including the very valuable properties of the (Sino-British) Kailan Mining Administration. Mr. Yin, who had close Japanese connexions, being married to a Japanese wife, announced that the zone would, from that date, be administered by an autonomous body to be known at the 'East Hopei Anti-Communist Autonomous Council'. The Central Government thereupon ordered his arrest, and they were reported to be preparing to despatch troops to enforce their orders when the Japanese military authorities forestalled any such action by sending Japanese units to hold strategic points on the railway, at the same time commandeering the rolling-stock. There was good reason to suppose that the engineering of this localized movement on the border of Manchukuo was intended to open the way to direct Japanese control over the coal-producing area together with its connexions with the sea,¹ and the suspicion was strengthened when the rest of Hopei Province was subsequently made an autonomous area and the newly created 'Council' was found to retain its separate identity.

This later development took place in the second week of December. Towards the end of the previous month the Central Government at Nanking had, as already mentioned, recovered control to the extent of taking negotiations out of the hands of the Northern local authorities, who by now largely consisted of Japanese nominees. This did not signify that the handling of the autonomy question had been permanently removed from Peiping to Nanking, but it meant that the Central Government could now appoint their own representatives for dealing with the matter on the spot and for negotiating a settlement. For this purpose General Ho Ying-chin was reappointed to act for the National Government and was sent with a mission to Peiping to come to an arrangement with General Sung and the Japanese military authorities. The latter, having failed in their major attempt, were now contenting themselves with the proverbial half-loaf, represented in this case by the creation of an autonomous area embracing two only of the five provinces, namely Hopei and Chahar, the two provinces actually bordering on Manchukuo. On this basis an agreement was quickly reached. On the 12th December the Chinese National Government announced the appointment of an 'Autonomous Political Council' to administer the two provinces under the

¹ Troops from the autonomous area subsequently, on the 15th December, seized the port of Taku, at the mouth of the Pei Ho, the river on which Tientsin lies.

chairmanship of General Sung, and on the 18th December the new Council was formally inaugurated at Peiping—it being left to the Nanking Government to formulate the scope of its functions at a later date. Regulations defining these functions were issued on the 17th of the succeeding month, the principal provisions being that the Council was empowered to 'effect a full readjustment of administrative affairs' in Hopei and Chahar, to enact laws for the autonomous area, subject to the Central Government's confirmation, and to appoint its own advisers.¹

Public sentiment regarding the creation of an autonomous régime in North China expressed itself in an outburst of denunciation and protest from university students and other sections of the Chinese intelligentsia. Demonstrations occurred all over the country, but especially in Peiping itself, where processions of students in the streets led to sanguinary collisions with the police, in which a number of lives were lost. At the same time popular opinion reacted against Chinese officials who were suspected of too great a complacency towards Japanese demands, and on the 25th December Mr. T'ang Yu-jen, a former Vice-Minister for Foreign Affairs, was shot in Nanking by political assassins. Yet a cool and impartial judge of the situation in North China at the close of a year of unrelenting Japanese pressure might well have given credit to the Government and the loyal provincial officials for having extricated the country from a critical position with no small degree of success. It was possible that Chahar and Hopei might have to be accounted as lost—for, although the degree of 'autonomy' was still but vaguely defined, it was clear that Nanking must for the future renounce all hope of effective sovereignty there—but, having regard to the virtual control which Japan had already established over the local administrations, the formal declaration of autonomy was hardly more than a recognition of fact. On the other hand, Shansi and Shantung, the retention of which was far more vital to the national existence of China, but whose separation from Nanking had in the autumn of the year appeared to be imminent, had resisted all attempts to bring about their secession and still remained in the national fold. On the psychological side, also, there were signs of a strengthening of the national *moral*, and foreign observers on the spot saw widespread evidence of the development of a spirit of resistance to foreign aggression which contrasted strongly with the wave of passive resignation that had seemed to pervade the country in the immediately preceding years.

¹ It was only necessary to consider the position of the Japanese 'advisers' in Manchukuo to appreciate the significance of this stipulation.

(v) Outer Mongolia and Relations between Japan and Russia

The Japanese advance in Chahar recorded in the preceding chapter, which for China meant a further encroachment on her administrative integrity, signified for Russia a fresh outflanking movement along the Mongolian corridor—the prelude, as some observers prophesied, to an eventual clash between Russia and Japan on the central Mongolian plateau. Simultaneously with this movement events took place on the Manchukuo–Outer Mongolian frontier which contained in themselves the seeds of a possible rupture. Although the line of this frontier was generally recognized by the Mongol tribes themselves, portions of it had retained from the time of the Chinese régime the ill-defined character which commonly attaches to lines of demarcation in nomad-inhabited districts, where border disputes are readily engendered. Towards the end of January 1935 a quarrel arose over seasonal fishing-rights in the waters of the lake known to the Mongols as Buir Nor, near to the Khalka River, which had inconsiderately changed its course some years previously and thereby confused the question of territorial rights. A skirmish took place between Mongol and Manchukuo guards, and the affair ended in the occupation of the disputed area by a force under Japanese command. *Pourparlers* between the local commanding officers developed into a proposal for the holding of a conference between representatives of the two states involved at the town of Manchouli, the junction of the Trans-Siberian and North Manchuria Railways. A difference of opinion immediately developed, however, concerning the scope of the conference. The Mongols wished to restrict the discussions to the Buir Nor incident and to similar frontier disputes. The Japanese, on the other hand, seized the occasion for forcing a far more important issue—nothing less, in fact, than that of Mongolia's abandonment of her policy of isolation. The Japanese spokesman demanded that the question of opening Outer Mongolia to travel, residence and business for Japanese and Manchukuoan subjects should be placed on the conference agenda. This was an open challenge to Russia's monopoly of intercourse, political and economic,¹ with Outer Mongolia and her use of its territories as a glacis to protect her exposed Siberian frontier.

This disagreement regarding the scope of the conference delayed its meeting until the beginning of June; and when it met on the 3rd of that month it was discovered that the views of the two parties

¹ In 1934 the trade between Outer Mongolia and the U.S.S.R. represented practically 100 per cent. of the total foreign trade of the former and 10 per cent. (as compared with 1·4 per cent. in 1929) of Russia's foreign trade.

were still irreconcilable, with the result that the proceedings came to a deadlock. In the meantime a fresh frontier incident, arising out of the arrest of a Japanese survey party by Mongolian guards, gave the Japanese delegates the chance (following the example set by their military comrades in North China) of exalting a local grievance into a basis for demands of a general political nature. These demands, as stated in a *communiqué* issued by the Government of Outer Mongolia, which was the main source of information to the outside world concerning the conference proceedings, included permission for Japanese military observers to reside and travel in Outer Mongolia and the establishment of a telegraph-line between that country and Manchukuo. In case of non-compliance, the Japanese threatened—so the statement alleged—to ‘demilitarize’ eastern Outer Mongolia.

The Mongol delegation and its Russian advisers showed no disposition to yield on the wider issue, and the most that they were willing to concede was the setting up of a joint frontier commission for dealing with border incidents as a whole. In the face of this resistance the Japanese modified their tactics and now tried to obtain their objective by inducing the Outer Mongolian Government to enlarge their offer into one for the exchange of resident diplomatic representatives between the two neighbouring countries. In the subsequent negotiations the Mongol Government accepted the principle of resident agents, but stipulated that their functions should be confined to local affairs, that is to say, to the settlement of frontier disputes, and that they should reside in places near to the frontier. This naturally failed to satisfy the Japanese, whose object it was to post their agents at the chief strategic centres, namely Ulan Bator, the Outer Mongolian capital—known also as Urga—and Dolonor, in the east, while they also hoped, by establishing the principle of diplomatic relations, to involve the Governments of Mongolia and the U.S.S.R. in *de facto* recognition of the status of Manchukuo. The Mongolian offer was consequently rejected, and on the 25th November the conference broke up, leaving still unsettled the Lake Buir Nor affair which had been its original *raison d’être*. The dissolution of the conference was the occasion of strong recriminations against Japan in the Russian press; the *Pravda* published an article containing a warning to Japan to refrain from further machinations in the ‘buffer area’ and to take measures to control the actions of the Kwantung clique, and shortly afterwards Mr. Gendun, the Prime Minister of Outer Mongolia, accompanied by the Minister for War, arrived in Moscow and was reported to be conferring on the situation with Monsieur Stalin and with the Commissars for Foreign Affairs and War of the

Soviet Union. At the same time, according to the Tokyo correspondent of *The New York Times*, the Foreign Office at Hsinking issued a statement to the effect that Manchukuo reserved the right to take 'full initiative' in settling the pending issues and any further issues which might arise with Outer Mongolia.

In the month of December the situation was aggravated by fresh frontier incidents; and these arose, according to the official Mongolian version, from the invasion of Mongolian territory by a Japanese-Manchukuoan force which attacked a Mongol frontier post, killing the commander and four others and carrying off the rest of the party as prisoners across the border. The Mongolian Government entered a protest, accompanied by a warning that Japan would be held responsible for these and other attacks in which Japanese troops had taken an active part. Counter-charges of Mongolian violations of the frontier were addressed to Ulan Bator by the Manchukuo Foreign Office, the Foreign Minister stating that his Government 'would be compelled to take every means necessary for self-defence'.

Meanwhile border disputes had not been confined to the western border of Manchukuo in 1935; along the Siberian frontier, also, incidents continued to occur, and they became increasingly frequent in the latter part of the year. In the state of disharmony then existing between the three Governments concerned it was not surprising that little progress was made towards a solution of the underlying cause of trouble,¹ and although proposals and counter-proposals for a joint frontier commission continued to pass between Tokyo and Moscow nothing concrete emerged. Here again the fundamental difficulty was to reconcile the views of the parties involved regarding the scope of the commission's functions, the Japanese desiring that these functions should extend not only to the treatment of frontier incidents but also to the re-delimitation of the frontier, while the Soviet Government maintained that the frontier line was already fully established and needed no rectification. According to a message published in *The Times* of the 29th April, 1936, the Russian Ambassador in Tokyo informed the Japanese Minister for Foreign Affairs on the 28th April that his Government accepted a proposal from Japan to establish two joint commissions to deal with the eastern frontier of Manchukuo: the one for the investigation and adjudication of disputes; the other for the examination and, where necessary, demarcation of the frontier.

¹ According to an inquiry made in February 1936 by the Government of Manchukuo, there had been, in the course of five years, ninety-one frontier incidents, of which four only had been brought to an amicable settlement.

The closing days of the year were marked by frequent reports of the massing of troops on both sides of the frontier and by a state of nervous tension which threatened to develop into a Russo-Japanese crisis similar to that which had raised universal fears of war previously, during the acute stage of the Chinese Eastern Railway dispute. Nor was the situation destined to ease itself in the succeeding months, as was indicated by the grave warning emitted by Monsieur Stalin in the course of an interview which he gave on the 6th March, 1936, to Mr. Roy Howard, chairman of the Scripps-Howard group of newspapers in the United States. If Japan, he said, should seek to destroy the independence of Mongolia, the U.S.S.R. would defend that country. 'We shall', he declared, 'help the republic in the same way [i.e. by the sending of troops] as we did in 1931.'¹

(vi) Philippine Independence

The decisive step towards the independence of the Philippine Islands had already been taken in 1934, when the Tydings-McDuffie Act made its passage through the United States Legislature in March and, two months later, was adopted by the Philippine Legislature.² There remained the task of drawing up and adopting the Constitution for the government of the islands during the ten-year transitional period which was to elapse before they became a 'separate and self-governing nation'. This task the Act had committed to the islanders themselves, subject to the incorporation of certain general principles and to a certificate being given by the President of the United States that the completed draft conformed with the provisions of the Act. The method of Constitution-making had been prescribed in the Act, namely a Constitutional Convention for drafting and approving and a popular plebiscite for ratification.

These final preliminaries to the birth of the new Commonwealth, for which a maximum of two years had been provided, were accomplished between the summer of 1934 and the autumn of 1935. Elected on the 10th July, 1934, the Constitutional Convention finished their work on the following 8th February. Their draft, duly certified by President Roosevelt on the 24th March, was submitted on the 14th May to the verdict of a Philippine plebiscite of all voters on the existing electoral roll, and was passed almost unanimously. All formalities required by the Act having now been fulfilled, the date of the 'handing-over' ceremony was fixed for the 15th November. It was first necessary, however, that a Philippine President should

¹ Reported in *The Manchester Guardian* of the 6th March, 1936.

² See the *Survey for 1933*, Part IV, section (vii).

be appointed to replace the retiring American Governor-General, and elections were held on the 17th September for the posts of President and Vice-President of the new Government. The principal candidates for these posts were the two former political rivals, Senator Quezon, leader of the 'Anti' party in the Legislature, who stood for the Presidency, and Senator Osmena, leader of the 'Pro' party,¹ who offered himself for the Vice-Presidency. Both were elected by overwhelming majorities. At Manila on the 15th November, before a concourse estimated to number nearly half a million people, the retiring Governor-General, Mr. Frank Murphy, who had been appointed to be the first American High Commissioner in the Philippines, took the oath, and simultaneously Mr. Quezon was inaugurated as the first President.

The Constitution which the new President had to administer was based broadly upon that of the United States. The Declaration of Principles which it contained set forth that 'The Philippines is a republican state. Sovereignty resides in the people and all government authority emanates from them'. The parliamentary suffrage was correspondingly wide, extending to all male citizens of twenty-one years of age and over who were able to read and write. The treatment of women's suffrage rights—women were to have the vote only if a minimum of 300,000 women should demand it as the result of a plebiscite to be held within two years—marked the survival of a conservative spirit inherited from the Spanish régime, and the same legacy of ideas showed itself in the bias in favour of personal rule which inspired the provisions in the Constitution dealing with the Presidency. The control over the Legislature, which had been steadily won away from the American Governor-General, was now restored in ample measure to his successor at Government House, who found himself invested with considerably wider authority than his brother President in Washington. He could veto all ordinary Bills, as well as specific clauses in those dealing with revenue and tariffs; he could—within certain limits—fix tariffs and import and export quotas; and in times of national emergency he was empowered to promulgate rules on his own authority. He stood, moreover, in the enviable position of having no Senate to act as a check on his freedom, for the Philippine Constitution—departing in this respect from its American prototype—provided for no second chamber. Thus Mr.

¹ Party cleavage had deserted the old lines of the Collectivista against the Nacionalista group and had developed into a split between the supporters (the 'Pro' group) of the earlier Hawes-Cutting Bill and the opponents (the 'Antis'). The two groups joined forces in order to launch the Commonwealth in an atmosphere free from party strife.

Quezon embarked on his presidential career as a potentially autocratic head of the state. Meanwhile the state itself was accorded extensive powers limiting the scope of private enterprise, possibly with a view to forestalling foreign economic penetration. The rights of the individual were, indeed, guaranteed in essentials by the Bill of Rights, the insertion of which in the Philippine Constitution had been one of the conditions laid down by the American Congress; but there were clauses in the Constitution reserving all natural resources to the state (which might not grant leases to nationals, for their exploitation, of a longer duration than twenty-five years), authorizing the National Assembly to determine the extent even of agricultural land which individuals might hold, and permitting the state 'in the interest of national welfare and defence' to operate industries and to nationalize private enterprises.

The limitations on Philippine independence during the transitional period, as laid down in the American Act, were duly incorporated in the Constitution. They were of the nature of check-ropes attached to the newly launched ship of state, in case she might diverge too widely away from her appointed course. In such an emergency the United States Legislature had reserved to itself the widest powers of intervention, but in normal circumstances interference in Philippine affairs was to be reduced to a minimum. The transitional regulations which provoked the greatest concern were those which provided for the progressive removal of the commercial benefits derived by the Philippine Islands from their situation inside the American tariff wall. The regulations were designed to acclimatize the foreign trade of the islands to the change from the hothouse conditions in which it had been nurtured in the past to the chill atmosphere of open competition to which it would find itself exposed when the privilege of free trade with the United States was finally withdrawn at the end of the ten-year period. Since approximately two-thirds of Philippine trade was with the United States, the dilemma was very serious. Not unnaturally it gave rise to grave forebodings, especially in view of the fact that the competitors with whom the exporting interests of the islands would have to reckon in the future were mainly the East Indies, where native standards of living, and hence costs of production, were on a lower scale than prevailed generally in the Philippines.

Another highly disquieting prospect for the citizens of the Commonwealth was the withdrawal of American protection at a time when it might be urgently needed against the rising tide of Japanese expansionism in the Southern Pacific. Nervousness on this head

displayed itself in the public utterances of Philippine politicians, in the commentary in the press and in the agitation which arose in 1935 over the question of Japanese land-leases in the island of Mindanao. A Japanese colony some 15,000 strong—recruited originally from imported Japanese labourers left without work on the completion of the railway construction on which they had been engaged—had settled in the district of Davao, in the south-eastern part of the island, and had taken to growing hemp. They had constructed their own villages, had built schools, hospitals and so forth, and had developed the hemp industry to an exceedingly prosperous point, Japan providing the principal market for their produce. The agitation which arose in 1935 was in connexion with allegations that Japanese were acquiring land in defiance of the law by surreptitious methods. Public opinion on the subject was roused to a high pitch. The dread of Japan which inspired the agitation was, although outspoken and general, based more on the object-lesson provided by Manchuria and China than on actual experience of Japanese penetration in the Philippine Islands themselves. Of this the evidence was still comparatively slight; for the fields into which the Japanese had intruded were substantially limited to the hemp industry at Davao and the coastal fisheries, which they largely monopolized. It was significant, nevertheless, that the Japanese were said to be ousting the Chinese (whose numbers in the island were far greater than their own) in the ordinary retail trade of the islands.

Although defence and foreign affairs were to remain 'reserved subjects' during the ten-year transitional period, thus relieving the Filipinos of any immediate fears of being left to their own resources in warding off Japanese aggression, the amendment to the Act had revealed an intention on the part of the United States to terminate their military and naval commitments in the Philippine Islands as early as possible.¹ Clearly no reliance could be placed on the United States maintaining forces for the protection of the islands when once the period of legal guardianship had come to an end. On the other hand, a Filipino observant of the general trend of events might comfort himself with the thought that what the United States might be unready to undertake for the sake of its former ward it would be not unlikely to do for the sake of its own interests. The space which separated America from the western shores of the Pacific was almost visibly shrinking as a result of the development of aircraft, and the archipelagos strung out across the ocean were acquiring increasing strategic importance. A civil air-route connecting San Francisco and

¹ See the *Survey for 1933*, p. 371.

Manila was already in process of being brought into use;¹ and since Japan had ceased to observe the Washington Nine-Power Treaty there was little certainty of the endurance of the Four-Power Treaty, which alone stood in the way of the United States establishing a chain of strategic bases as far west as the Philippine Islands. It might well happen, in the years ahead, that the Philippines would come to figure for the United States as the vital point in their first line of defence, and that their protection from foreign control would become an axiom of American strategy.

¹ See p. 304, above.

PART III

WORLD ECONOMIC AFFAIRS

By H. V. Hodson

(i) The Problem of Raw Materials

(a) SIR SAMUEL HOARE'S SPEECH

WHATEVER may have been the economic pressures that drove Italy to resort to arms in Abyssinia—and there are powerful reasons for discounting the economic explanation of the causes of the war¹—there was in 1935 a strong feeling among statesmen, and among the peoples for whom they spoke, that the troubled circumstances of the world called for a review of the economic forces that might lead to international unrest. In his speech to the Assembly at Geneva on the 11th September, which struck the key-note for all that immediately followed in the relations between the League and Italy,² Sir Samuel Hoare referred, 'as an example', to the problem of the World's economic resources.

Abundant supplies of raw materials [he said] appear to give peculiar advantage to the countries possessing them. It is easy to exaggerate the decisive character of such an advantage, for there are countries which, having little or no natural abundance, have yet made themselves prosperous and powerful by industry and trade. Yet the fact remains that some countries, either in their native soil or in their colonial territories, do possess what appear to be preponderant advantages; and that others, less favoured, view the situation with anxiety. Especially as regards colonial raw materials, it is not unnatural that such a state of affairs should give rise to fear lest exclusive monopolies be set up at the expense of those countries that do not possess colonial empires. It is clear that in the view of many this is a real problem. . . .

The view of His Majesty's Government is that the problem is economic rather than political and territorial. It is the fear of monopoly—of the withholding of essential raw materials—that is causing alarm. It is the desire for a guarantee that the distribution of raw materials will not be unfairly impeded that is stimulating the demand for further inquiry. So far as His Majesty's Government is concerned, I feel sure that we should be ready to take our share in an investigation of these matters.

My impression is that there is no question in present circumstances of any colony withholding its raw materials from any prospective purchaser. On the contrary, the trouble is that they cannot be sold at

¹ See the *Survey for 1935*, vol. ii, section (xii).

² *Op. cit.*, pp. 187 *seqq.*

remunerative prices. This side of the question was investigated with concrete results by a Commission of the Monetary and Economic Conference which met in London in 1933. Its work was directed primarily towards raising wholesale prices to a reasonable level through the co-ordination of production and marketing; but one of the stipulations of such action was that it should be fair to all parties, both producers and consumers, that it should not aim at discriminating against a particular country, and that it should, as far as possible, be worked with the willing co-operation of consuming interests in importing countries.

This precedent may indicate a suitable line of approach to an inquiry which should be limited in this case to raw materials from colonial areas, including protectorates and mandated territories. I suggest that the emphasis in the terms of reference should fall upon free distribution of such raw materials among the industrial countries which require them, so that all fear of exclusion or monopoly may be removed once and for all.

The promise to participate in such an inquiry was repeated by the new Foreign Secretary, Mr. Eden, in the House of Commons on the 24th February, 1936. His Majesty's Government, he said, were perfectly willing at any time to enter into an examination of the question of access to colonial raw materials, and they thought that such examination could usefully be made at Geneva. The appropriate moment for it, however, must clearly depend on many factors, including the attitude of other Powers towards the proposals.

The British Government's view, as expressed by Sir Samuel Hoare, that the problem was economic rather than political or territorial, was at least open to question. The anxiety of certain countries about their sources of vital raw materials and foodstuffs, though no doubt partly based on economic grounds, was in large measure due also to a fear of being deprived of necessities in war-time. To some extent, moreover, it had to be recognized as no more than a convenient argument for political and territorial adjustments that were desired for quite other than economic reasons. The hunger for colonial sources of supply, and the almost universal struggle towards national self-sufficiency, were alike prompted by an indissoluble mixture of political, strategic, and economic motives. The question of colonial raw materials raised in turn its own special political and strategic problem—that of the command of the routes of communication between the colonial resources and the home country. Nor can there be any doubt that in a certain degree the imposition of sanctions lent point to such political anxieties by exposing the huge power, either for making or for checking war, that resided in command of raw materials of warfare or industry, together with command of the routes of supply. Nevertheless in these pages it is proposed to deal

only with the economic aspects of the raw materials problem, on which the British Foreign Secretary had laid so much emphasis.

(b) THE RESTRICTION OF SUPPLY

Between the lines of Sir Samuel Hoare's speech may be read the suggestion that the question was merely one of laying an unreal bogey. But there were two hard economic facts that gave substance to the anxieties of Powers compelled to obtain the bulk of their colonial raw materials from other empires: the first was their difficulty in obtaining the necessary foreign exchange to buy those materials, and the second was the existence of numerous schemes for the limitation of production or export of primary commodities, with the object of raising their price. Sir Samuel Hoare dismissed the latter consideration with a reference to the resolution of the 1933 World Economic Conference.¹ The first paragraph of that resolution, it may be recalled, declared that

in order to assist in the restoration of world prosperity, it is essential to increase the purchasing power of the producers of primary products by raising the wholesale prices of such products to a reasonable level.

Now it is clear that 'to increase the purchasing power of the producers of primary products' would assist in the restoration of the prosperity of any particular country or group of countries only if the increased purchasing power were used, directly or indirectly, to buy the products of that country or group. It was here that certain countries might have a legitimate grievance, if, while they were forced through higher prices to contribute to the increased purchasing power of the primary producing lands, their own purchasing power was not enhanced in return, owing to the barriers to their trade imposed by the primary producing lands themselves and also by other countries.

There was also the question of investments in the primary industries that resorted to restriction of output or exports. Some part—perhaps a very large part, or even the whole—of the consequent increased returns to producers would be transformed into enlarged profits, most of which would accrue to capitalists outside the producing country itself. Thus an investing country, while paying, like other customers, higher prices for the raw materials or foodstuffs in question, would be compensated by the increased return from its investments, and might indeed, on balance, be economically the gainer. This was a vital factor in any comparison, for instance, between Great Britain and Germany in this respect; for Germany had been deprived of her colonial investments by the War and the terms

¹ See the *Survey for 1933*, p. 69.

of the peace treaties, whereas Great Britain was even more interested as an investor than as a consumer in a number of important colonial industries. The attitude of her statesmen and business leaders towards the restriction of supply of such commodities as rubber, copper, tin or jute could not fail to be influenced by the fact that she would reap in extra profits at least as much as she lost in the higher prices that she would have to pay for those commodities. For Germany there was no such compensation. It was true that she might participate in increased profits from those industries by buying the shares of, say, Rhodesian copper-mines or Malayan rubber-plantations in the open market. In practice she was prevented from doing this by her lack of foreign exchange; hence this train of argument likewise led to the conclusion that the real economic problem of raw materials was the general one of barriers to world trade. The so-called 'Have-not' Powers contributed to the difficulties of that problem no less than the 'Haves', and possibly more than they.

One further point may be noted in this connexion. The argument about investments was alternative, not additional, to the other argument about ability to profit, through enlarged exports, by the increased purchasing power of the primary producing countries; for their purchasing power was increased only to the extent that the extra earnings accrued to their own residents. To the extent that the earnings were paid out in additional dividends to capitalists of other countries, there was no increase of their purchasing power.

The problem of the restriction of primary production had therefore a direct bearing on the question mooted by Sir Samuel Hoare, and would have to be faced if the proposed international inquiry was to be truly comprehensive. We are bound, therefore, to turn aside and view the extent of international restriction in 1935 and the important developments that took place in this connexion during the world depression, and particularly in that year. The last discussion of these problems as a whole in the *Survey of International Affairs* appeared in the *Survey for 1930*;¹ and in that volume special attention was given to the rubber, wheat and tin industries. In the following pages the restriction schemes in those same industries will again receive detailed consideration, together with the new international copper agreement, which was perhaps the outstanding event of 1935 in this field. But it must not be thought that these four were the only commodities of importance to be subject to restrictions of production or trade. In the course of 1935, international restrictive schemes were actually or nominally in force for wheat,

¹ Part VI, section (i) (e).

nitrates, rubber, sugar, tea, tin, copper, diamonds, potash ; and there were national restrictive schemes of world-wide importance for a number of other products, including oil, cotton and cereal grains in the United States, coffee in Brazil and jute in British India. This list takes no account of national schemes for the combined regulation of imports and internal production, like the British agricultural marketing schemes ; nor of national and international cartels for regulating the output, sales and prices of manufactured commodities. The most prominent of these combinations was the European steel cartel, to which Great Britain adhered in the course of 1935. It will be seen that only a very few primary commodities escaped the régime of restriction, the chief exceptions being wool, timber and lead.¹ This, then, was no merely incidental or subordinate problem in world economics, but one of the most vital facts of the time in international trade, production and finance.

(c) WHEAT

In the *Survey for 1930*² the story of attempts to regulate the international wheat market was brought down to the failure of an International Wheat Conference, held in London in May 1931, to reach unanimous conclusions on the matter of market control—this failure being due largely to the fact that the representatives of the U.S.S.R. refused to consider restriction of production, while other countries saw little advantage in a plan for export quotas unless it were accompanied by some check on the accumulation of large unmarketable surpluses. The *Survey for 1933*³ contained the record of a new development that arose out of the World Economic Conference of that year. The principal exporting countries agreed to a limitation of exports (though not of production) in 1933–4 and 1934–5, while the chief importing countries promised not to encourage any extension of the area sown to wheat, to adopt every possible means of increasing wheat consumption, to lower customs duties on wheat when its price showed a substantial improvement—the standard figure being equivalent to 63·02 gold cents per bushel—and to relax quantitative restrictions on the trade in wheat, again on condition that there was a rise in price. A Wheat Advisory Committee was set up to watch over the execution of the agreement.

¹ Coal was in a special category ; for its intimate connexion with iron and steel and other industries, and the fact that it was produced in considerable quantities in most of the manufacturing countries of Europe and North America, placed it on a footing more with cartellized manufacturing industries, in this connexion, than with the other major raw materials.

² Pp. 477–81.

³ Pp. 71–2.

From the first the committee was faced with severe difficulties, arising mainly out of the large exportable surplus of Argentina in 1933-4. At its meeting in Rome in April 1934 the committee unanimously recommended a scheme under which the signatories of the London agreement would adopt minimum export prices. But when the scheme was referred to the Governments concerned, Argentina declared herself unable to comply. By June 1934 she had already exceeded her agreed quota of exports (110,000,000 bushels) for the crop year ending on the 1st August, and she was reported to be seeking to 'borrow' an exportable allowance from other countries. She plainly feared that the fixing of minimum prices would prevent her from marketing her exceptional surplus, since it would rule out any under-cutting of Canadian or American prices. A sub-committee was appointed to consider possible alternative plans to stabilize and improve wheat prices, and meanwhile negotiations among the signatory Governments proceeded; but the meeting of the Advisory Committee fixed for June had to be postponed because no agreement had been reached. In a letter explaining the reasons for this postponement, Mr. R. W. Bingham, the American Ambassador in London, wrote:

The Governments of Australia, Canada and the United States have throughout recognized that the exceptionally large crop harvested in Argentina in 1933-4 necessitates an increase in the quota allotted to Argentina, and have made various proposals to the Argentine Government with the object of meeting the necessities of the case and yet preserving the principles on which the International Wheat Agreement is based. . . . The Governments of Australia, Canada and the United States attach the utmost importance to the maintenance of the wheat agreement, and are reinforced in their determination to seek every method of international co-operation to improve the position of wheat-growers throughout the world, by the fact that, in spite of the drought in certain countries, the 1934-5 crop is certain to be sufficiently substantial to leave world surplus stocks at the conclusion of the 1934-5 crop year of a size to continue to menace world wheat prices.

The carry-over of wheat at the end of the crop year 1933-4 was 1,140,000,000 bushels, 20,000,000 bushels more than at the 31st July, 1933, and nearly double the average of 625,000,000 bushels in the period 1922 to 1928. The indications at that time (the middle of 1934) were that by reason of drought and reduction of acreage the next year's crops in Australia, the United States and Canada would be lower than the 1933-4 crops by at least 100,000,000 bushels, and that European import requirements would be higher by some 70,000,000 bushels; on the other hand, the reduction of Argentine

supplies seemed highly problematical. In 1933-4 Argentina had exceeded her exportable allowance under the wheat agreement by 34,000,000 bushels.

The Secretary of the Wheat Advisory Committee reported that, by comparison with the acreage in the basic period accepted in the agreement (1930-1), acreage in 1933-4 had declined by over 5 per cent. in Argentina, over 15 per cent. in Australia, over 10 per cent. in Canada and over 12 per cent. in the United States. By comparison with the previous year, the Hungarian acreage in 1933-4 had been reduced by over 8 per cent., the Rumanian by 3 per cent. and the Jugoslav by 1 per cent.; on the other hand the Bulgarian acreage had increased by 3 per cent. Among the European importing countries, Germany had reduced her acreage by over 5 per cent., Italy hers by over 4 per cent. and France hers by 1 per cent., whereas acreage had increased by over 5 per cent. in Greece and by over 6 per cent. in Great Britain. The United States delegation told the Advisory Committee, when its postponed meeting was held in August in London, that the prospective crop failure, following a poor crop, had greatly modified the reasons that had led the American Government to pursue a reduction of acreage; nevertheless they would take steps to prevent the areas sown from rising above the current level, provided that other countries were ready to continue the general effort to adjust wheat production to demand.

The discussions on a re-allocation of quotas, made urgent by the problem of Argentina, proved long and arduous. At the August meeting no agreement on new quotas or on restriction of production could be reached, but the committee accepted, for consideration by the signatory Governments, a series of far-reaching amendments to the international agreement. These included the prolongation of the agreement for a further two years from the 31st July, 1935, the allocation of export quotas on a quarterly basis, the reservation of a certain portion of world import demand for wheat for allotment among the different exporting countries at the Advisory Committee's discretion, a change of principle in the method of calculating quotas, and a provision for further efforts to adjust wheat production to demand. The background of these amendments was the curtailment of crops in North America and Australia through drought, the small progress made with raising the price of wheat and extending the demand for it, and the special difficulties of Argentina. It must be remembered that Southern Hemisphere crops were harvested in January, so that any estimate of prospective crops made in July, though fairly accurate for northern countries, would be scarcely

more than a guess for Australia or Argentina: hence the proposal to re-allot quotas every quarter, and to keep in the committee's hands a certain margin of expected import demand for distribution as circumstances changed through the year. As a corollary, it was proposed that future quotas, instead of being reckoned as a settled percentage of expected import demand, should be calculated in relation to estimates of actual production as well—the intention being, not to secure an automatic upward adjustment of its quota for any country with a large crop, but to equate any unforeseen deficiency in one part of the world with any unforeseen excess in another. It must be remembered, in connexion with the efforts of other producers to persuade Argentina to restrict her acreage to a definite level, that she had expanded her acreage since the War of 1914–18 by a far smaller proportion than Canada or the United States, and claimed that she was now in a period of natural expansion, rather than contraction. In this claim she had the sympathy of Australia, whose representatives at the World Economic Conference had opposed restriction in principle, urging that efforts should be concentrated on expanding their demand for wheat and other primary commodities by keeping their prices at a reasonable level and by lowering barriers to trade in the importing countries.

The Advisory Committee met again in Budapest in November 1934, but adjourned without taking a decision on the revised proposals as a whole, Argentina still not having composed her differences with the three other oversea exporters. The meeting was not without fruits, however, for it secured the agreement of the main importing countries, and of Hungary, Bulgaria and the U.S.S.R., to the prolongation of the agreement for another two years; and it allotted an export quota to France, whose efforts to protect her farmers, combined with a favourable crop, had expanded her output temporarily beyond her own needs. The French Government had in hand measures to correct this state of affairs,¹ which was certainly not to their advantage, since they had to sell the exportable surplus at world prices far below the protected prices obtaining in France.

A meeting of the Advisory Committee, which had been called for March 1935, was postponed for another two months, as no agreement on the main outstanding problems had yet been reached, and a meeting at that time would have been useless. At the end of May, however, the committee agreed unanimously to recommend to the Governments an extension of the agreement for a single year, that is to say to the 31st July, 1936, with the chief amendments proposed

¹ See the *Survey for 1934*, p. 25.

at Budapest, subject to an adjustment requested by France with regard to her export quota. The committee concluded (so ran an official statement) that while two successive crop failures in North America had resulted in a temporary amelioration of the statistical position, the maintenance of the existing level of world wheat acreage must, given average yields per acre, result in the re-accumulation in wheat-exporting countries of further burdensome supplies. Nature had indeed come to the aid of Man in reducing stocks of wheat and raising its price. According to the estimates of the International Institute of Agriculture, the world's exportable supplies of wheat, which in 1932-3 had amounted to 1,258,000,000 bushels and in 1933-4 to 1,144,000,000 bushels, would be no more than 880,000,000 bushels in 1934-5, while import demand would be higher. These prospects had caused a rise of 25 per cent. in the Liverpool price of wheat in the twelve months ending in May 1935, when the Advisory Committee took its final decision on the continuance of the international agreement.

In July, however, there was a sharp reaction in wheat prices, and a Liverpool firm were declared defaulters. The prolonged drought had caused considerable bull speculation in wheat, which was bound to be liquidated sooner or later; the immediate cause of the July slump in prices, however, was the prospect of legislative changes in Canada which, it was thought, would increase the pressure of Canadian exports on world markets. From that time onwards developments in Canada dominated the story of wheat prices in 1935. When the holding policy of the Western wheat pools had collapsed in 1930, the Government had intervened with pledges to save farmers from bankruptcy, and had proceeded on a policy of holding up the Winnipeg wheat price by buying wheat and allowing it to reach the world market only at prices regarded as profitable. Since ample supplies were forthcoming from the rest of the world, particularly from Argentina, large stocks gradually accumulated in the hands of the Canadian Government's agent, Mr. John McFarland. At the beginning of July 1935, Mr. McFarland held no less than 226,000,000 bushels of wheat. There was considerable agitation against this policy in Canada, not only among Eastern interests which saw immense speculative liabilities steadily piling up for the Government, but also among the farmers and the grain trade, who foresaw disaster when the stocks came eventually to be sold, and who feared the permanent loss of markets to Argentina, Australia and other countries. The Conservative Government under Mr. R. B. Bennett, which had supported the operations of Mr. McFarland against the

constant criticism of the Liberals, introduced in June 1935 a Bill establishing a national Grain Board with virtually monopolistic powers. All grain-elevators in the western provinces were to be placed under the control of the Board. The Bill, however, was severely amended by the Select Committee to which it was referred; they struck out the compulsory provisions in order to allow farmers to sell their wheat through the Board or on the open market as they thought fit, and they defined the duty of the Board as being, *inter alia*, to sell existing Government-agency stocks as speedily as might reasonably seem possible, to employ existing market agencies without discrimination and to offer wheat for sale continuously through the established channels. These amendments represented a victory not only for the grain trade interests but also for the Opposition view that the accumulation of immense stocks of wheat in Government hands was dangerous, and that they ought to be liquidated. It was the prospect of heavy sales of Canadian wheat that precipitated the slump of prices in July, but probably the slump would not have been so sharp had the market not been technically weak by reason of prolonged bull speculation.

That this qualification must be made was proved by the subsequent movement of prices. As soon as the weak technical positions had shaken out of the market, the bull points for wheat (among which the imminence of war in Abyssinia was by no means negligible) began to reassert themselves, and it was seen that, so far from Canada's being at the mercy of importers, the importers must for the time being take their cue from Canada. The United States, thanks to her poor crop, was temporarily out of the world wheat market. Stocks in the Southern Hemisphere and in the United Kingdom on the 1st August, together with cargoes afloat to Europe, represented no more than eighteen weeks' supply at the rate at which Australian and Argentine wheat had been absorbed in the previous crop-year. The Canadian carry-over, on the other hand, was ample for importers' needs. On the 7th September the Canadian Wheat Board, of which Mr. McFarland had been made chairman, fixed the minimum price for payment to farmers at 87½c. per bushel for No. 1 Northern Manitoba, a price well in excess of those that had been obtaining on the open market. Liverpool and other wheat exchanges responded with a further advance in prices. Within eleven weeks the price of wheat rose by 34 per cent. in Liverpool and by 19 per cent. in Winnipeg.

Again there was a change in Canadian outlook and policy. On the 23rd October, following a decisive general election, Mr. Mackenzie

King replaced Mr. Bennett as Prime Minister of the Dominion. It was assumed that the Liberals, now in power, would pursue the policy of disposing of Canada's grain surplus at world prices, which they had vehemently advocated when in opposition. There were, indeed, a number of significant changes; the Wheat Board was placed under the responsibility of a committee of the Dominion Cabinet comprising the Ministers for Trade and Commerce, Finance, and Agriculture, and Mr. McFarland resigned his chairmanship of the Board in favour of a Liberal politician, Mr. James R. Murray. In announcing the changes in the Board's personnel, the Minister for Trade and Commerce declared that the Government 'desired to have their surplus wheat restored to the normal basis. There would be no fire-sale of Canadian wheat, but it would be for sale at competitive values.' These developments naturally caused a certain depression of world wheat prices. Canadian wheat continued to be 'on tap' at market prices, in accordance with Mr. Murray's declared policy of reducing Canada's stocks to 125,000,000 bushels at the end of the crop-year.

There is no escaping the conclusion that the International Wheat Agreement had much less effect upon the world's wheat markets than the hand of Nature. In the first two years of its operation its success in its main purpose, to raise the price of wheat, was negligible. Indeed the average price of wheat in Liverpool was 10 per cent. higher in 1932-3, the year before the wheat agreement went into operation, than in the first year of the agreement's life. In 1934-5 there was a slight improvement over 1932-3, but on the question of the cause the figures are expressive. Between 1932-3 and 1934-5 there was practically no change in the wheat production of importing countries. But the production of the main exporting countries (excluding the U.S.S.R.) fell from 2,374,000,000 bushels to 1,966,000,000, and the world's exportable surplus (including that of the U.S.S.R.) fell from 1,258,000,000 bushels to 880,000,000. In spite of the fact that import requirements (world net exports) fell from 633,000,000 bushels to 540,000,000, exportable stocks at the end of the season fell during the first two years of the agreement's life from 625,000,000 bushels to 340,000,000. But it was the droughty weather in three continents, not the terms of the agreement itself, that had produced this favourable result. Restive Argentina herself showed a large reduction of acreage under wheat in 1935; but this was due to bad weather, not to deliberate restriction, large areas of droughty land being sown with maize instead of wheat. The agreement had made no advance whatever towards its ultimate goal of creating a state of affairs in

which European importing countries would be prepared to cut their barriers to trade and increase their imports of wheat. This lay at the heart of the world wheat problem, as a comparison between 1934-5 and 1927-8, the last 'normal' wheat year, amply proves. In the latter year, the production of the exporting countries was 2,534,000,000 bushels, and that of the importing countries was 1,077,000,000, making, with 3,000,000 of exportable supplies from the U.S.S.R., a total of 3,614,000,000. There was an increase of 68,000,000 bushels in stocks of wheat during the year, so that consumption (outside Russia, China and a few other countries not included in the statistics) may be reckoned at 3,546,000,000 bushels. Calculating in the same way for 1934-5, we reach a consumption figure of 3,577,000,000 bushels—almost exactly the same. But how differently this need was filled: 258,000,000 came out of stocks, which even at the end of the season were still far above the 1928 level; the same small quantity as in 1927 came from the U.S.S.R.; and of the remainder the exporting countries produced 1,966,000,000 (against 2,534,000,000 in 1927-8), and the importing countries produced 1,350,000,000 (against 1,077,000,000). Thus world over-production and low prices were the fault not of the oversea exporting countries, but of the importing countries of Europe. It was unlikely, therefore, that an international agreement which laid specific obligations on the former group only would do more than touch the surface of the problem.

(d) RUBBER

The *Survey for 1930*¹ gave some account of the break-down of the Stevenson scheme for the control of rubber production in British territories and of the feeble success of later attempts at restriction in this industry. It was not until 1934 that those attempts reached their objective in the conclusion of a long-term international agreement. Early in 1932 the British and Netherlands Governments had engaged in negotiations in order to see whether a practicable scheme for the improvement of the rubber situation could be devised. They consulted also with the Governments of Ceylon, Malaya and the Netherlands East Indies. But on the 21st March of that year they were forced to acknowledge that under existing conditions it was impossible to frame and operate an international scheme that would guarantee the effective regulation of the production or export of rubber. The negotiators were understood to have studied over forty different schemes submitted to them, but finally to have tripped over

¹ p. 477.

the stumbling-block of native rubber production in the Netherlands East Indies. The difficulty of bringing the haphazard output of native areas under control was immense; and even their productive capacity, which was an essential consideration in any regulative system, was almost completely unknown. In spite of this decisive failure, unofficial and official negotiations took place, for the most part in an atmosphere of secrecy, at various times and places in 1932 and 1933. A conference of the Dutch East Indies interests was held in November 1933, and representatives of Netherlands and British producers consulted together in Amsterdam in January 1934. All this time the very low price of rubber favoured the movement of opinion towards restriction. But it was not until the last day of April 1934 that the success of these negotiations could be announced. A formal agreement, signed by accredited representatives, had been submitted to the various Governments concerned, with a request for legislative action to give effect to it.

The purpose of the scheme was stated in the agreement to be 'to regulate the production and export of rubber in and from producing countries with the object of reducing existing world stocks to a normal figure and adjusting in an orderly manner supply to demand and maintaining a fair and equitable price level which would be reasonably remunerative to efficient producers'. Although this preamble referred to the control of production, the agreement itself was based upon the restriction of exports, leaving production to the authority of the several Governments invited to endorse the scheme. The signatories, however, 'recognizing that the present sources of supply were more than necessary to satisfy any probable world demand for a few years to come', included in their requests the prohibition of further planting, except for experimental purposes. Replanting was to be limited during the life of the agreement to the equivalent of 20 per cent. of the existing planted area of any one holding; and, in order that planting should not be encouraged in territories outside the scope of the agreement, the export of planting-material from the participating territories was to be prohibited. The countries covered by the scheme were Malaya, the Netherlands East Indies, Ceylon, British India (including Burma), French Indo-China, the State of North Borneo, Sarawak and Siam. Certain of the smaller producing countries, however, were granted special terms. Thus Siam, which was a comparatively new and rising producer, was given a fixed basic allowance of 15,000 tons a year, but was guaranteed that her minimum exportable quota would be not less than 50 per cent., 75 per cent., 85 per cent., 90 per cent. and 100 per cent.

respectively in the five years 1934 to 1938; and she was further allowed to plant during the period of the agreement an area not exceeding 31,000 acres. Again, recognition was given to the fact that French Indo-China so far produced only one-quarter of France's rubber requirements, in a complicated scheme exempting Indo-Chinese exports from the ordinary quotas, but putting a tax in kind on every ton exported beyond 30,000 tons per annum. The restriction scheme provided for a levy on exports in order to finance research into the utilization of rubber with a view to expanding the demand.

The basic allowances for the main producing areas are shown in the table below.

(in thousands of tons)

	1934	1935	1936	1937	1938
Malaya . . .	504	538	569	589	602
N.E.I. . . .	352	400	443	467	485
Ceylon . . .	77½	79	80	81	82½
Other countries ¹	63	71	76	80	82

One important feature of these allowances was the decline in the ratio of Malayan to Netherlands East Indies quotas.² In 1932 the ratio of actual production had been 1.92 to 1; in 1933 it had been 1.58 to 1. Yet the basic allowances provided for a reduction of the ratio from 1.4 to 1 in 1934 to 1.27 to 1 in 1938. The underlying fact was the existence of much greater potential capacity for expansion in the Netherlands East Indies than in Malaya, and this was the fruit of extensive replanting during the life of the Stevenson restriction scheme, which raised prices through a restriction of output from the British territories only. It was reckoned that in 1936 Malaya's basic allowance would exceed 100 per cent. of her potential capacity, whereas the Netherlands East Indies allowance would be only about 65 to 70 per cent. of what she could produce at that date. The amount of rubber produced in countries outside the scheme was less than 13,000 tons in 1933. The percentage of the basic tonnages that different countries might export was to be determined periodically by an International Rubber Committee, consisting of delegates appointed by the Governments of the several participating countries. Votes would be cast by delegations, but would be proportionate to

¹ India, Burma, North Borneo, Sarawak, Siam.

² See the *Survey for 1930*, p. 476, for the effect of the Stevenson restriction scheme in diminishing the British Empire's share in the world supply of rubber.

the basic quotas allotted in the scheme. The agreement was to run for a minimum period of four and a half years from the 1st June, 1934, to the 31st December, 1938, but before the latter date the International Committee was to make a recommendation to the Governments with regard to the continuance or abandonment of the scheme.

The negotiators of this scheme had been faced with a serious position in the rubber industry. At the end of 1928, world stocks of crude rubber had totalled 289,900 tons; by the end of 1933 they had risen to 654,000 tons. Production had steadily run ahead of consumption, in spite of a fall from 861,400 tons in 1929, when the effects of planting during the Stevenson boom were first seriously felt, to 708,000 tons in 1932. Demand had been rising since 1931, and in 1933 was higher even than in 1929, but production was still ahead of demand. The low price of crude rubber had greatly discouraged the use of the reclaimed product, a fact that accounts for the high apparent rate of consumption in 1933 compared with 1929; but any substantial increase in price would naturally be expected to bring heavy supplies of reclaimed rubber once more on the market. The average price of rubber, which had been 35·062 pence per lb. in 1925, at the height of of the Stevenson period, and had fallen to 10·25 pence in 1929, slumped rapidly after the onset of the world depression, and the average for 1932 was only 2·344 pence per lb. At one time the London price was less than twopence a pound. The average price in 1933 was slightly higher—3·245 pence—but it was still unremunerative to the majority of estates, notwithstanding the great and painful economies that had been made since the boom years. In a statement accompanying the announcement that the agreement had been signed, the Rubber Growers' Association declared that at the prices ruling from 1930 to 1933 it was impossible for any producer, however efficient, to pay labour and management adequately, to make provision for depreciation and obsolescence, and at the same time to earn a moderate profit on the capital invested.

The persistence of an uneconomic price (the statement continued) was bringing serious social and political consequences in its train. The means of subsistence of large Oriental populations had been seriously diminished, and the remuneration of many employees reduced to an inadequate level, while the great curtailment of the revenue derived, directly and indirectly, from the industry had been a source of anxiety, if not embarrassment, to the Governments of the producing countries. Moreover, this situation, if further prolonged, threatened also the long-term interests of consumers, since a dislo-

cated rubber-producing industry could not continue to be relied on to provide in a regular manner the supplies of rubber which the world might need.

The scheme was well received among producers and was accepted by the principal Governments concerned in the course of May 1934. The gradually hardening prospects of restriction had driven up the market price of spot rubber in London to 6½*d.* at the time when the new scheme was announced; it was further advanced as soon as the news of the agreement was known, and on the 7th May it touched 7¼*d.*, the highest level since April 1930. On the following day, however, the International Rubber Committee, after its first meeting, announced its plans for restriction during the first six months of the scheme, and these were so disappointing to market speculators that there was a sharp relapse in prices. A week later the spot price was about 6*d.* once more. The committee proposed that the quotas for June and July should be 100 per cent., for August and September 90 per cent., for October and November 80 per cent., and for December 70 per cent. These rates would give an exportable allowance of 506,000 tons for all areas in the first seven months of the scheme. Consumption, it was estimated, would be something like 525,000 tons in that period, so that stocks, which had totalled 642,000 tons at the end of March, would still exceed 600,000 tons when the first full calendar year of the scheme's operation began. It was semi-officially suggested that 400,000 tons should be regarded as a normal stock in existing circumstances. The committee, no doubt warned by the experience of the Stevenson restriction scheme, made no attempt to fix a pivotal price, but the moderate rate at which they proposed that stocks should be reduced under the scheme indicated that they had no immediate ambition to maintain prices at a higher level than 6*d.* to 7*d.* a pound. In August 1934 prices went above this margin for a short time, but the statistical position of the industry remained discouraging, and in 1935 the spot price of rubber in London again fell below 6*d.* In November 1934, following differences between the Dutch and British producers, the latter of whom favoured a more intense degree of restriction, the International Rubber Committee fixed the export quotas for the first three months of 1935 at 75 per cent. of standard allowances. In February 1935 the decision was taken to keep the quotas at the same rate from April to June, but a month later the committee changed their mind, and appointed 70 per cent. and 65 per cent. as the quotas for the second and for the third and fourth quarters of 1935. In September they once more revised their plans, in the

direction of further restriction, by appointing 60 per cent. as the quota for the fourth quarter. This rate, it was decided in December 1935, would continue for the first six months of 1936. The intensification of restriction had been made necessary, from the point of view of producers and the international committee, by the poor prices that continued to rule through 1935 and by the disappointingly small reduction in world stocks. On the one hand, demand had not come up to expectations; on the other, the difficulties of controlling native output in the Netherlands East Indies had resulted in an excess of exports beyond the amounts authorized under the scheme.

These difficulties played a dominant part in the history of the rubber-restriction scheme in 1934-5. When the scheme first came into effect, direct restriction of production on an individual basis was impossible in the native growing-areas, not only for want of the administrative machinery required, but also because the tapping of rubber-trees was for the most part not the main occupation of the natives engaged in it, but was merely a way of gaining a little pocket-money from time to time to supplement the living that they obtained from their fertile soil. The principal method of control employed by the Dutch authorities was an export-tax on native rubber intended to restrain production by limiting its profitability. Continuous efforts were made to extend individual restriction, district by district, to native areas; but the registration of native holdings was inevitably a slow business, and at the end of 1935 individual restriction, though definitely promised for the future, had made little headway in actual practice.

When the scheme first came up for ratification, the People's Council of the Netherlands East Indies rejected the proposal for an export duty on native rubber, but they were over-ruled by the Government, who fixed the initial rate of duty at 20 cents per kilogram of dry rubber. This failed for the moment to check shipments, which in the period June to September 1934 were 14,200 tons in excess of the quota allowance. Later in the year, however, with lower world prices, the excess was wiped out, and in December the duty was reduced from 20 cents to 16 cents per kilogram. Reassuring statements were made by the Netherlands and the East Indies Governments. In 1935, however, excess shipments of native rubber again began to appear, and the export duty was raised to 18 cents in May, to 20 cents in June, and a fortnight later to 22 cents per kilogram. The position was rendered more difficult by the fact that when the international quota for the second quarter of 1935 was cut

to 70 per cent. the Netherlands authorities decided to maintain permissible exports at 75 per cent. of standard amounts for that quarter, and to restrict them to 60 per cent., instead of 65 per cent., in the third quarter of the year. The 22 cents duty, however, was equivalent to about $3\frac{1}{2}d.$ a lb., at which rate, it was thought, there would be so little profit on the production of rubber that native exports would be sharply checked. So confident were the Netherlands East Indies authorities that this would be so, that by the end of July the duty was down again to 20 cents. Their expectations were not realized. Partly because the world price of rubber was rising, the export duty had to be increased by successive stages to 26 cents. at the end of October, and to 29 cents on the 11th December. Since the end of September, while the world price of rubber had risen by 5 cents a kilogram, the duty had been increased by 9 cents. The price of native rubber in Batavia being then $20\frac{1}{4}$ cents per half-kilogram, the duty of $14\frac{1}{2}$ cents left the producer only $2\frac{1}{4}$ cents after allowing $3\frac{1}{2}$ cents for expenses. In spite of these draconian measures, every fresh advance in the world price of rubber stimulated more native production, and when the London price went above $7d.$ a pound in February 1936 the export duty was again raised, this time to 32 cents per kilogram. In the meantime, the Netherlands East Indies Government, in order to correct the excess shipments beyond the quota for the country as a whole, had made available a sum of approximately £760,000 for the purchase of rubber-export licences from estate and native producers.

By the end of 1935 it had become clear that the Netherlands East Indies Government were fighting a losing battle in seeking to keep native exports within the allotted quota. As soon as the restriction achieved its aim of raising the price of rubber, exports from native areas at once increased, the scheme was undermined and prices fell again. The Netherlands authorities were able to persuade the representatives of other countries to accept this account of the situation, with the result that in December 1935 the International Rubber Committee agreed to recommend to the Governments participating in the scheme an increase in the basic quotas allotted to the Netherlands East Indies. Instead of 443,000 tons, 467,000 tons, and 485,000 tons for the years 1936 to 1938 respectively, the basic allowances for that country would be increased to 500,000 tons, 520,000 tons, and 540,000 tons. The basic allowances granted to the other participating territories would be unaltered.¹ The committee

¹ Thus the ratio of Malayan to Netherlands East Indies allowances was further reduced, from 1.27 : 1 in 1938 to 1.11 : 1.

had received, they said, the assurance of the Netherlands East Indies Government that the adoption of these recommendations would so facilitate the administration of the scheme in that country that the measures of restriction necessary to achieve the declared objects of the scheme could at all times be effectively applied there. The general opinion of the rubber market was that the allotment of these additional quotas to native areas would solve the problem of native rubber and thus reinforce the scheme, although they entailed a certain immediate encroachment on the interests of other territories.

The question was naturally raised, why, when a price of 6*d.* a pound was considered unremunerative for the European-owned plantations, the natives of the Netherlands East Indies were willing to produce and sell almost uncontrollable quantities of rubber at a price that left them only a penny or so a pound after paying the duty and the expenses of transport and sale. The root of the answer lay in the fact that the native rubber-grower had virtually no production costs expressed in money. He paid no rent, he employed no labour, his tools were primitive, his ideas of scientific cultivation scanty. Almost his only outlay was the sacrifice of some of his leisure. An extremely low price might even encourage him to tap more rubber in order to make up in quantity what he lost in halfpence per pound, and so to provide himself with the same total sum in cash, which he required for purchasing a few simple necessities or for paying a money-lender his interest. The estates, on the other hand, had to employ labour, both native and European, not only to tap and handle the rubber, but also to keep the plantations weeded and cultivated; and they had often considerable capital charges to meet for the original cost of planting, and of erecting factories and dwellings.

These facts suggested to the mind of the lay public the following questions: if the natives, for these or other reasons, could produce rubber at 2*d.* or 3*d.* a lb., including all costs, why should the consumer be compelled to pay twice as much or more in order to support a more elaborate means of production, which on the face of things did not seem necessary? One answer that was given was that the problem of relative costs of production, which had thus been excessively simplified, must be judged in relation to the whole output of the industry and to the whole demand for the commodity that it produced. The natives of the Netherlands East Indies were capable of producing 200,000 tons per annum of rubber, or perhaps more, at a gross cost of under 4*d.* a pound; but, it was claimed, they were

incapable of producing, at any price, four times that amount ; and this was the quantity of rubber that the world needed.¹ In almost any industry there were to be found producers who could sell some or all of their output at considerably less than the world market price. The classical economic theory of the marginal price, it was said, assumed as a normal corollary that some units of production would have costs lower than the marginal price, and would therefore make a profit or economic rent, while other units were only just able to keep their costs within the margin. Thus the estate producers of rubber might seek to justify themselves in their measures of restriction, with a view to raising the world price, by insisting that the industry as a whole, in which they played an indispensable part, ought to be allowed a reasonable internal income and a reasonable rate of return for those who had sunk money in it.

They had a further argument still. It was only by reason of the investment of European capital that the natives were able to produce rubber at all. The growing of rubber was not indigenous to the East Indies ; the trees were originally introduced from South America, and the natives, who tapped wild or half-wild rubber-trees, were in effect taking without payment an asset created for them by European capital and European enterprise. In selling their rubber for ultimate consumption in Western countries they were again taking advantage, without having made any direct contribution to its cost, of a system of trade and transport that had depended for its initiation, and still depended for the greater part of its reward, upon the European-owned plantations. Nevertheless the increase of the basic allowances of the Netherlands East Indies, under the international restriction scheme, that was authorized at the end of 1935 in order to enlarge the quotas allotted to native areas, was a tacit admission that the future of the rubber-producing industry was bound to see an encroachment of native and individualist methods of production upon the system of European capitalism. The wave of exploitation of colonies by White people had not merely lost its momentum. In this case, at least, it was already receding. Doubts were being expressed whether rubber would prove eventually to be a capitalist industry at all. If the destiny of the rubber industry was to 'go native', this process might actually be hastened by the restriction scheme, in spite of its check to native rubber-output ; for it also put a check upon any

¹ This was a matter for dispute. A Batavian newspaper reported in March 1936 that the potential native production had been authoritatively estimated at not less than a million tons per annum. See *The Financial News*, 25th March, 1936.

large increase of output of rubber per planted acre in the European-owned areas—the only means, apparently, whereby the elimination of White capital might in the long run be prevented.

In spite of the difficulties with regard to native rubber, those responsible for the international rubber-restriction scheme could look back upon two years' work with a certain degree of satisfaction. In 1935 alone, that is to say after the scheme had really got into its stride through the gradual intensification of restriction, world stocks fell by 100,000 tons, although purchasers had been able to draw on stocks that they had accumulated previously in anticipation of restriction. There was no reason to believe that restriction would be less effective in 1936, and in that event, with a 40 per cent. cut in force, a further reduction of 200,000 tons was to be expected. This would bring world stocks well within the normal limit that had been regarded as the first objective of the scheme. It is true that prices had fallen below 6*d.* a pound for a certain period of 1935, and that this rate was unremunerative to many plantation producers; but the comparison with prices that had been ruling just before the scheme came into force was misleading, for the previous rise to 6*d.* and over had been entirely the result of the expectation that restriction would shortly be introduced, and was therefore to be credited to the scheme itself. In April 1936, two years after the international agreement was announced, the price of spot rubber in London was 7½*d.* a lb. On the 29th April the International Rubber Committee announced that the quotas for the second half of the year would be raised from 60 to 65 per cent., and prices thereupon fell slightly; but they were supported by the favourable statistical position and suffered no permanent setback. The duty on native rubber in the Netherlands East Indies was raised or lowered in accordance with price-movements, touching a high point of 35 cents per kilogram in May 1936.

The rubber-restriction scheme had an intimate connexion with the threat to the gold standard in the Netherlands, which almost incessantly perturbed international markets in 1934 and 1935. The achievement of a remunerative price for rubber, resulting both in the remittance of larger dividends back to the Netherlands from her colonial investments, and in a reinforcement of the finances of the Colonial Government (and thus of the Government at home also), meant a definite easing of the Dutch fiscal and commercial position; hence it helped to keep the guilder on its gold pedestal. On the other hand, if the guilder were to be re-valued as the belga had been,¹ the equivalent of a given sterling price for rubber, in Netherlands

¹ See the *Survey for 1934*, p. 30.

East Indies money, would be proportionately raised. The profits of the estates would be improved, and at the same time they would become more reluctant to support a policy of stern restriction, since they would be able to make profits with a much lower price on the London market. Hence, by virtue of a mutual connexion, the over-valuation of the guilder and the restriction of production of rubber were seen to be part of the same order of things—an order identified with the latter phases of the World Economic Depression that had begun in 1929.

One of the weaknesses of the Stevenson rubber-restriction scheme had been the encouragement that it offered to the use of reclaimed rubber. The international scheme of 1934 was faced with the same limiting threat to high prices, but the far lower scale of prices that it accepted made the threat still a distant one. The Stevenson scheme was inaugurated in order to save producers from a level of prices that the later scheme regarded as a satisfactory objective. Costs of production in the plantation industry, in fact, had been reduced to less than half their pre-slump level. Another potential but still more distant limit to the efforts under the scheme was the production of synthetic rubber. In June 1934 it was announced that the Dupont Chemical Company and the Dayton Rubber Manufacturing Company in the United States, working in co-operation, had succeeded in producing motor-car tires of synthetic rubber, which was claimed to have all the qualities of the natural product; and in February 1935 Herr Hitler, when opening the German motor exhibition, referred to the success of German attempts to produce synthetic rubber. I.G. Farbenindustrie had invented, and had been developing at considerable cost since 1926, a product called Buna, which, the company claimed, was in some respects better than rubber, having greater resistance to age, to temperature and to wear and tear. Some of the vehicles displayed in the motor show had tires of this material. But although the costs of production of Buna had never been revealed, it was generally supposed that they were double, or more than double, those of importing natural rubber; the cost of the United States product had been stated to be about \$1 a pound, six or seven times the cost of ordinary rubber. The importance of these developments for the rubber-growing industry lay, not so much in their immediate effect upon world demand, as upon their threat for the future when the experiments should have been pushed farther, and upon the encouragement that they gave to countries like Germany to pursue a policy of greater self-sufficiency even at a stupendous economic price.

(e) TIN

The *Survey for 1930*¹ described the initiation of the international tin restriction scheme in the early months of 1931. Concerning the first two and a half years of the scheme's life little need be recorded here, save that Siam became associated with the four countries originally concerned—Malaya, Bolivia, the Netherlands East Indies and Nigeria—in the restriction of production, though on special terms; and that the restriction succeeded in doubling the price of tin and in greatly curtailing visible supplies. The average price of tin in London was £118 12s. per long ton in 1931, £136 in 1932, £194 16s. in 1933 and £230 8s. in 1934. Stocks, though increasing in 1931 and 1932, were reduced from an average of 42,700 long tons in 1930 to an average of 22,100 long tons in 1934. Nevertheless the maintenance of the world price at the higher level was achieved only with the aid of an internationally organized pool, which systematically withheld supplies from the market. The pool was in private hands, but its controllers acted with the knowledge, and to some extent with the co-operation, of the International Tin Committee appointed to manage the restriction scheme. At least one prominent person closely associated with the pool was indeed a member of the international committee. One other effect of the restriction scheme must be noted. Before it went into operation the five restricting countries had been responsible for a fairly steady proportion, about 92 per cent., of the world production of tin. In 1932 their share had fallen to 84·4 per cent., and in 1933 to 79·3 per cent. In 1934 there was some improvement in their relative position, but from the start of the scheme the competition of non-participating countries was a serious threat both to the success of the scheme in securing its own objects and to the commercial future of the participants.

Towards the end of 1933 the international scheme entered upon a new phase of its career. The first move was the signature, in the October of that year, of agreements for the continuance of the scheme among the five participating countries. The new scheme was to take effect from the 1st January, 1934, and was to continue for three years from that date. The agreed standard tonnages of metallic tin under the new scheme were:

	<i>Long tons</i>
Malaya	71,940
Bolivia	46,490
N.E.I.	36,330
Nigeria	10,890
Total	165,650

¹ See pp. 481-4.

Siam was granted an agreed exportable allowance of 9,800 long tons per annum, not subject to reduction by quota; and if the quotas allotted to the other countries were raised beyond 65 per cent. of standard tonnages her allowance was to be increased proportionately. The Governments concerned accepted the recommendation of the International Tin Committee that their export quotas, as from the beginning of 1934, should be not less than 40 per cent. of standard tonnages, *plus* a special quota of 4 per cent. for 1934; all previous excesses of export beyond the allotted quotas, since the inception of the scheme, would be deducted from the exportable allowances for the future.¹

The second important development in the tin-restriction scheme was the adoption of what was known as the buffer-stock plan. The plan originated with private interests closely connected with the operation of the international scheme; the memorandum embodying it, which was submitted in December 1933 to the Malayan Chamber of Mines in London, was drawn up—it was reported—by Mr. John Howeson, who was to be sentenced two years later to twelve months' imprisonment for his part in issuing a prospectus inviting the subscription of funds that were to be employed in the notorious corner in pepper. The memorandum argued that whereas in the earlier life of the scheme the existence of abnormal stocks had prevented the danger of a corner in tin, and the 'sterilization' of surplus stocks by the private international pool had minimized the opposite danger of a 'bear raid', the reduction of stocks and the gradual liquidation of the pool were bringing both these contingencies close to reality. Manipulation of the quota rates would be too slow and cumbrous a means of defence. The following suggestions were submitted as a practical solution of the problem. Normal world stocks should be determined at an agreed figure, which, it was suggested, should be 15,000 to 18,000 tons, and the international quota should be so adjusted as to reduce stocks to this level within six months. Over that period a 'buffer stock', amounting to some 8,000 tons of tin, should be accumulated in the hands of the International Tin Committee, by means of a special quota proportionate to the standard tonnages. The sole purpose of the marginal stock would be to prevent rapid and severe oscillations in price without either disturbing the desired equilibrium between production and consumption or adding to the normal tonnage of uncontrolled stock. It was suggested that the buffer stock might become self-regulating by means of a simple formula incor-

¹ Bolivia was the chief culprit in regard to excess exports. At the 1st July, 1933, she was 1,366 tons ahead of her quota allowance.

porating a basic price, which might either be invariable or be adjusted quarterly when the quotas themselves were under review.

The buffer-stock scheme at once encountered much opposition from interests in different branches of the tin industry. After its acceptance by the executive of the Tin Producers' Association, on the 2nd January, 1934, Sir George Maxwell resigned his chairmanship of the Association and was replaced by Sir Samuel Wilson. In a public statement Sir George Maxwell declared himself open to persuasion that some form of controlled-stocks scheme might be useful in preventing violent oscillations of tin-prices during the difficult process of 'de-control', but before accepting such a scheme the producers and their Governments ought to have a definite policy with de-control as its declared objective. While he saw no danger in the actual total of world stocks, a stock of about 25,000 tons might be preferable; but the suggested figure of 15,000 to 18,000 tons was really dangerous. The scheme that had been put forward took no account of the 8,000 tons of tin still unsold by the members of the private tin-pool, and it was impossible, Sir George Maxwell declared, to avoid the conclusion that both stocks would be under the same management. The existing price of tin was a direct stimulus to production in non-participating countries; world consumption, which was the deciding factor in the industry, was still deplorably low. On the 6th February, however, the Council of the Tin Producers' Association unanimously approved the principle of the plan, and the new chairman issued a circular letter in its defence. As the quota agreement had only just been renewed for three years, the Council felt, he said, that it would be altogether premature at that stage to approach the question of its further renewal at the end of 1936. They were completely satisfied that the buffer-stock plan, if adopted, would not involve the industry in any prolongation of the quota scheme, since the liquidation of the buffer stock before the scheme expired was inherent in the plan. The plan was compared to a balancing tank in a water-supply scheme, and to the Exchange Equalization Fund, which the British Government had created to iron out short-term fluctuations in the exchange rate. It did not profess or attempt to deal with long-trend fluctuations, for which changes in the quota of production would alone be appropriate.

The plan was strongly opposed by a majority of producers in Malaya, especially the Chinese producers, who had all along been restive under restriction. A referendum was offered by the Colonial Government, but it was postponed while the Governor consulted with the Colonial Office, and was never held. On the 6th February,

1934, the International Tin Committee agreed to recommend the plan to the signatory Governments, with a request that it should be brought into operation as soon as possible. On the 5th June the committee announced that the four signatory Governments had agreed to the formation of a buffer stock of tin, fixed at 8,282 tons. A special quota of 5 per cent. of standard tonnages had been sanctioned, for the purpose of accumulating this stock, with effect from the 1st June. The whole stock would be accumulated not later than the end of 1934. The detailed agreement between the Governments was actually signed on the 10th July. It provided that the stock should be under the control of a special committee consisting of four members, each nominated by one of the signatory Governments; but the committee was to act in accordance with general instructions issued by the International Tin Committee. The buffer-stock scheme was to expire on the 31st December, 1935, unless the signatory Governments unanimously agreed to continue it.

In the first months of 1934 the quota allowance was fixed at 44 per cent. of standard tonnages, including the special quota of 4 per cent. mentioned in the agreement of the previous October. From April to September, as a result of a considerable decline in stocks and an improvement in the price of tin to over £236 a ton, the quotas were raised by 10 per cent. In the course of the summer, however, demand fell off sharply, and the ordinary quota was once more reduced to 40 per cent. for the last three months of the year—to continue at that rate for the first quarter of 1935. In spite of a fall in prices to about £215 a ton, the quota was raised to 45 per cent. for the second quarter. In June the price of spot tin was again in the neighbourhood of £230 a ton, and the quota was further raised by 5 per cent. By this time a new factor had complicated the situation in the tin-market. The buffer stock had been fully constituted by the beginning of 1935, and was presumably available in order to counteract any abnormal shortage of tin on the market. Yet in April 1935 a considerable backwardation (the premium on spot over forward delivery) began to appear, giving evidence of an acute scarcity of tin available immediately; and the authorities were apparently either unable or unwilling to release spot tin in order to correct the position. On the 8th May, when the backwardation had risen to £6 a ton on a spot price of £224 10s. a ton, dealers walked out of the London Metal Exchange during the second 'ring' in tin, as a protest against the policy of the buffer-stock controllers. They claimed that although there were 4,600 tons of tin in London warehouses, a large part of which was buffer-stock tin, it was virtually impossible to buy—or borrow—any

appreciable quantity for spot delivery. The backwardation rose to £21 a ton one day at the end of July. London stocks were reported to be diminishing at the rate of 400 to 500 tons a day, and 1,200 tons of buffer tin were shipped from New York to London in order to relieve the pressure—an action, however, that would seriously deplete stocks in the United States, the principal consuming country.

It was apparent that the policy pursued by the International Tin Committee had resulted in a dangerous reduction of immediate world supplies of tin. The buffer stock, it was stated, had been reduced to about 1,000 tons, and total world supplies were in the neighbourhood of 14,000 tons. On the 9th August the committee decided to revoke its former decision, and to raise the quota for the July–September quarter to 65 per cent., with retrospective effect. At this rate world production would be about 141,000 tons per annum, compared with an expected consumption of 135,000 to 140,000 tons. But even this decision had to be rescinded, in view of the rapid absorption of all available supplies, and at the beginning of October the quota was raised to 70 per cent. with retrospective effect from the 1st July. Nor was this the end. In the middle of October stocks in the London market fell to 430 tons, the lowest figure ever recorded, and the backwardation rose to £21 15s. on a spot price of £248 10s., the highest price for approximately seven years. The International Tin Committee then raised the quota to 80 per cent., with effect as from the 1st October. In December they announced that the quota for the first three months of 1936 would be 90 per cent.—more than double the allowance that had been in force a year previously.

The underlying cause of the decline in stocks and the consequent relaxation of restriction was the rearmament boom that swept the world in the autumn of 1935. There were, however, certain more particular causes affecting the tin-market. Sir George Maxwell's view that world stocks of 15,000 tons would be dangerously low appeared to have been justified, and it is impossible to escape the conclusion that the degree of restriction at the end of 1934 and the beginning of 1935 was too intense. The consumption statistics for 1934 had been obscured by the absorption of outstanding stocks, especially in the United States. In the year ended October 1934 it was reckoned that consumers' stocks had been depleted to the tune of nearly 18,000 tons, and as soon as this source of supply was exhausted there was inevitably considerable pressure on the free markets. The increase of export quotas, suddenly seen to be necessary, could not at once remedy the deficiency of spot supplies, partly for special reasons like labour troubles in Bolivia, partly because under the restriction scheme

producers had been prevented from accumulating any considerable stocks in hand. In Malaya no producer was allowed to possess any stock of tin ore in excess of the balance of his quota, plus either the monthly average of his quota or the amount of stocks outstanding on the 1st March, 1931.

In spite of the fall in price that followed the enlargement of export quotas, the International Tin Committee could look back on the record of 1935 with some satisfaction from their own point of view. The average price of tin had been profitable to the vast bulk of producers, and highly profitable to some. The buffer stock had been successfully liquidated, presumably at a profit. World production of tin had increased from 108,000 tons in 1934 to 138,000 tons in 1935, and world consumption had increased from 117,000 tons to 142,000 tons. Consumption at the end of the year was running at the rate of over 150,000 tons per annum. Visible stocks of tin decreased by 3,266 tons in the course of 1935, while consumers' stocks rose by upwards of 2,000 tons. Nevertheless, since the 90 per cent. quota was equivalent to an output of about 190,000 tons a year, it seemed likely that it would be reduced in the course of 1936, in spite of the need for accumulating higher world stocks in accordance with the expanded rate of consumption. The quota was indeed cut to 85 per cent. for the second quarter of 1936. The immediate result was a renewed shortage of free tin on the London market. The backwardation rose again to £10 a ton, and a special sub-committee of the London Metal Exchange interviewed the Secretary of State for the Colonies (as being responsible for official Malayan and Nigerian policy), to plead that the reduced quota would delay the replenishment of stocks that was necessary if normal conditions were to obtain on the London market and if the welfare of British consuming industries was to be safeguarded. They contended that there were only about 600 tons of tin in official warehouses in Great Britain, whereas before the War of 1914-18 stocks were normally about 5,500 tons. Mr. J. H. Thomas replied, in effect, that, since any decision of the International Tin Committee must be unanimous, the British delegates had no power to enforce an increase. This assertion, of course, emphasized the British Government's responsibility for the decision actually taken, whether sound or unsound.

The shortage of prompt supplies of tin, in spite of the nominal excess of the quota rate over the rate of consumption, was caused chiefly by the failure of Bolivia to fill her allotted quota. At the beginning of April 1936 her arrears were 6,037 tons, and by the end of May they had risen to 10,016 tons. The shortage of labour and

the deterioration of plant, resulting from the war with Paraguay and from other causes, had made it impossible for her to maintain her productive capacity in proportion to rising consumption and enlarged quotas. Her *liberum veto* thus stood in the way of any increase of quota allowances, from which she could gain no advantage through larger output, but only loss through lower prices. At the end of April the International Tin Committee postponed its decision with regard to quotas for the third quarter, until, it was explained, more exact details were available of Bolivia's output. On the 26th May the decision was again put off, 'in view of the difficulties the committee had felt in estimating probable exports from Bolivia'. On the 25th June, at last, the committee decided to raise the quota to 90 per cent. for the third quarter of 1936, the increase of 5 per cent. being intended, it was stated, to offset Bolivia's arrears. The closing price of cash tin in London on the day of the announcement was £181 12s. 6d.

The International Tin Committee's statement of the 26th May went on to recall that the restriction scheme would end on the 31st December, 1936, unless agreement were reached for its renewal. In the course of its life the scheme, like others of its kind, was faced with two continuous dangers—the competition of areas outside the scheme, and the possibility of a deflection of demand to substitutes. Siam adhered to the agreement only on condition that her minimum exportable allowance should be approximately equal to her output in 1929, whereas the other signatories were at that time restricting to 40 per cent. of their 1929 output. The production of non-restricting countries rose from about 8 per cent. of world output in 1931 to 20 per cent. in 1933. Efforts were made, from the inception of the scheme, to bring all tin-producing countries within its scope, but the non-restricting countries had little to gain by adherence, since they secured the advantage of higher prices without the penalty of limiting their production. They could be induced to join only on the condition that their exportable allowances represented in fact no restriction at all. Even so, it seemed worth while for the controllers of the international scheme to bring them in, and on the 10th July, 1934, the International Tin Committee published the terms on which French Indo-China, the Belgian Congo and Ruanda-Urundi, Portugal and Cornwall would participate thenceforward in the scheme. Each area was granted a minimum exportable allowance substantially above its actual production in 1933. Moreover, if the degree of quota restriction should fall below 35 per cent. of standard tonnages, these allowances were to be increased. Although the participation in restriction was thus only nominal, it did represent a certain safeguard for

the scheme against complete break-down through rapid and uncontrollable expansion of output in non-restricting areas. The following table shows the terms in detail.

	<i>Actual Production.</i>		<i>Minimum Export Quota.</i>		
	<i>1929 tons.</i>	<i>1933 tons.</i>	<i>1934 tons.</i>	<i>1935 tons.</i>	<i>1936 tons.</i>
French Indo-China . .	829	1,055	1,700	2,500	3,000
Belgian Congo . .	1,411	2,916	4,500	6,000	7,000
Portugal . . .	390*	550	650	650	650
Cornwall . . .	513*	1,369	1,700	1,700	1,700
Totals . . .		5,890	8,550	10,850	12,350

* In 1931.

Both the threat of encroachment by non-restricting areas and the threat of a diversion among consumers to alternative products obviously increased with every rise in the price of tin. It was reported in 1934 that in the United States, the principal consuming country, aluminium and lead were being increasingly used instead of tin in the manufacture of such products as foil, pipes, collapsible tubes and solder, and that titanium oxide was being substituted for tin oxide. For some industrial purposes copper was also being used as a substitute for tin, but the rapid increase in copper-prices in 1935 soon checked this trend, and the general acceleration of industrial activity, especially in the armaments, automobile and tin-plate industries, fully made up for any transfer of demand to alternative products. At the end of October 1934 it was announced that representatives of consuming interests in the United States and Great Britain were to be invited to sit on the International Tin Committee, in a consultative capacity only. Such representation, however, was hardly an adequate substitute for cheap tin, either economically or diplomatically, and agitation continued to be raised in the United States, and among metal-market and consuming interests in Great Britain, against the operation of the scheme.

Already at the end of 1935 discussions were proceeding with regard to the terms, if any, on which the restriction scheme should be prolonged beyond its expiry date, the 31st December, 1936. In September 1935 the International Tin Committee issued a statement pointing out that under the agreement any proposals for prolonging the scheme had to be considered at least twelve months before the date on which it would otherwise cease to operate, adding that this obligation had been fulfilled. There was no necessity to reach a final decision before

the actual date of expiry. Their statement of May 1936 declared that the four signatory countries—Bolivia, Malaya, the Netherlands East Indies and Nigeria—were willing to continue 'control' for a further period, on a basis to which they all agreed, provided that Siam, the Belgian Congo and other tin-producing countries participated on satisfactory terms. Siam and the Belgian Congo, however, were claiming substantial increases in the tonnages allotted to them under the existing scheme. Negotiations with Belgian representatives had reached a point at which it was reasonable to expect that the four signatory countries might accept the Congo's terms, provided that an agreement could be reached with Siam. A delegation was being sent to Bangkok to negotiate with the Siamese Government. The negotiations, however, were abortive, no compromise being possible between the offer of a quota of 15,000 tons and the Siamese Government's refusal to agree to a reduction of more than 1,000 tons in their claim to a quota of between 15,000 and 20,000 tons.

The position was complicated by the fact that Japanese interests were negotiating with Siam with the aim of establishing closer economic relations between the two countries, especially in the tin industry; a proposal was being put forward for the erection of tin-smelting plant in Siam under the control of Japanese capital. The Malayan producers, who had all along been on the side of moderation in restriction, were in no mood to accept large concessions to other producing countries. One leader of the Malayan industry¹ declared in June 1936 that it was in a position to 'wage war on its rivals' if it so wished. It was losing its lead, he said, and another five years of restriction would bring a further deterioration in its competitive position. The majority of the present mining areas in Malaya would be exhausted within fifteen years, and prospecting for fresh tin-bearing ground was practically prohibited. Apart from the encroachment of non-restricting countries, he might have added, the Malayan producers' fundamental grievance lay in the fact that their costs of production were lower than those in almost any other producing area, and that they were being obliged to curtail their output in order to maintain the high prices that alone would afford profits in Bolivia and the Netherlands East Indies (so long as the guilder kept its parity with gold). A price of £175 a ton, which would hardly pay expenses in Bolivia, would afford most Malayan producers a substantial profit. The restiveness of low-cost producers, thus brought to a head in the tin industry, was an inevitable feature of restriction schemes in every

¹ Mr. Harold Huntsman, deputy chairman of the Austral-Malay group of companies.

industry to which they were applied, and in the long run was bound to sap their strength.

(f) COPPER

The problem of regulating production was much more complicated in the world copper industry than in the two raw-material industries—rubber and tin—that have just been considered. In the first place, production was not internationally divorced from consumption; the leading copper-producing country, the United States, was also the greatest consumer of copper. This opened up the possibility of large-scale dumping,¹ under the shelter of a high tariff to protect the American producers. In the second place, the international distribution of output in the copper industry was passing through a period of instability and change. In 1925 the United States was responsible for 54 per cent. of the output from copper-mines throughout the world; in 1929 her share was 46.4 per cent. and by 1933 it had fallen to 17 per cent. While the influence of the United States was thus rapidly waning, for reasons that will be mentioned later, great new copper-fields in Central Africa were being brought into a condition of large-scale production, and Canada and the U.S.S.R. were also steadily expanding their output. In the third place, a considerable proportion of world copper-supplies, especially of Canadian copper, was obtained as a by-product of the extraction of gold, silver, nickel and other minerals. For those who produced copper in this way, price was a secondary consideration, and restriction of output was undesirable, if not impossible.

The extent of United States control over the world copper-producing industry was not to be measured only by the quantity actually mined in that country; for American capital controlled the bulk of the copper industry in Chile and Peru. So long as the United States maintained her dominating position in production, the leadership in schemes of restricting supply came also from her: the three great pre-slump cartels in the industry—the Copper Producers' Association, formed in 1908, the Copper Export Association, formed in 1919, and Copper Exporters Incorporated, formed in 1926—were all controlled by United States interests. Copper Exporters Incorporated was primarily a price-fixing organization rather than a system of regulating production, and it broke down ignominiously in 1929 through attempt-

¹ Dumping might be defined as the sale of a product abroad at a lower price than it was fetching at home; hence large-scale dumping was possible only for a country that was at once a considerable producer and a considerable consumer of the product in question.

ing to fix too high a price, in spite of the fact that it represented over 90 per cent. of world production. The organization began under favourable conditions, for its predecessor, the Copper Export Association, had managed to hold up the excessive stocks that appeared during the 1921 slump until severe restriction of production, combined with a rising world demand, had created a sellers' market. By March 1929 the price of electrolytic copper was over 24 cents a pound, equivalent to a London price of over £70 a ton for standard copper. The weakness of the situation lay, not in the expansion of production outside the United States ring, but in the difficulties of the so-called customs smelters in the United States itself. These were smelters of copper who did not mine their own ore but relied on supplies from other sources, more particularly from by-product output. The benefit of the high price of copper accrued mostly to the actual mines, while the customs smelters suffered by their inability, under restriction, to use their plant to full capacity. The customs smelters had a valuable ally in the dealers on the London Metal Exchange, who had all along opposed the restriction scheme. In April 1929 the cartel was forced to allow the customs smelters to sell below the fixed export price, but the hole in the dyke rapidly widened as the flood of American customs copper poured through it into the gulf of the London market. In the first fortnight in April 1929 the London quotation fell from £71 a ton to £59 a ton. The collapse was staved off for a while, but in 1930 prices slumped again, and Copper Exporters Incorporated disappeared.

Although the American producers were still strong enough, or desperate enough, to restrict production among themselves, the price they paid was a swift decline in their share of world output, as the following table shows:

UNITED STATES SHARE IN WORLD MINE PRODUCTION OF COPPER¹

(in thousand metric tons)

	<i>U.S.A.</i>	<i>Rest of the world.</i>	<i>Total.</i>
1925	775	667	1,442
1929	931	991	1,922
1930	645	929	1,574
1931	476	874	1,350
1932	232	663	895
1933	212	820	1,032
1934	211	1,043	1,254

¹ Figures from *American Bureau of Metal Statistics*.

The position in 1933 was, therefore, that the United States was restricting mine production to below 20 per cent. of 1929 output, while the rest of the world was producing over 80 per cent. of its output in the peak year. Instead of dominating export markets in copper, the United States had been threatened from 1930 onwards with the influx into her domestic market of copper produced much more cheaply, and without restriction, in other countries. In July 1932 the American Government imposed an import duty of 4 cents a pound on raw copper, thus giving effective protection to home producers of copper unless and until the margin between the internal price and the world price exceeded 4 cents.

Outside the United States the most striking development of this period was the rapid entry of the Northern Rhodesian mines into full production. Their annual production before 1931 remained well below 10,000 tons, but in that year it rose to some 20,000 long tons, in 1932 to 67,887, in 1933 to 104,204 and in 1934 to 137,897 long tons. Moreover, the mines had by no means come to the end of their capacity to expand, and development work was still proceeding. Similar in technical character, though with a longer history of development behind them, were the mines of the Belgian Congo. Their output fell from 137,000 metric tons in 1929 to 120,000 metric tons in 1931, and in the subsequent two years it was sharply reduced below half its peak rate; in 1934, however, output was once more increased to 110,000 metric tons, and development and exploration were being pushed forward. The curve of production in South America (principally Chile) was roughly similar to that in the Congo. In 1929 output had totalled 384,000 metric tons; in 1931 it was down to 271,000, and in 1932 to 126,000 metric tons; but in 1934 it was back to 266,000 metric tons. The cost of production in Chile was relatively very low, not only by reason of the cheapness of labour, the richness of the deposits, and the advantage of a depreciated exchange, but also because copper was found in valuable combination with gold and silver. Here the monetary metals were by-products; in Canada, on the other hand, it was usually copper that was the by-product of the mining of gold, silver and particularly nickel. The high price of gold in the depression period, and the sharp recovery in the prices of silver and nickel to very profitable levels, meant that the check of low copper prices on Canadian production was at a minimum. Canada's output, which reached a peak of 303,500,000 pounds in 1930, fell only to 247,700,000 pounds in 1932, and two years later it rose to the record level of 367,100,000 pounds.

In the light of these facts, it was clear that the first approach to

regulation of production or prices in the copper industry must come from the United States. So long as the other producing countries could expand their production at her expense, while still maintaining a margin of profit, they had little interest in restriction. On the other hand, any substantial increase of world prices, whether achieved through restriction or in other ways, would be under threat of the dumping of American copper abroad by customs smelters who could afford to stand a loss for the sake of keeping their plant running nearer to economic capacity. The National Industrial Recovery Act held out large hopes of internal regulation of the American industry, but disputes between the different interests, and between the producers and the Government, delayed the adoption of the copper code until April 1934. The N.R.A. code allotted 20,500 tons of copper monthly to primary producers, and 9,500 tons to secondary producers—these allowances to be distributed by quotas to the different mines. Customs smelters would temporarily have a sales quota of 50 per cent. of current production imposed on them. The 'Blue Eagle' price for electrolytic copper was to be 9 cents a pound, but consumers, who had stocked heavily in anticipation of the code, were disinclined to buy at this figure, and in the summer of 1934 it could no longer be maintained in practice. Difficulties also arose from the customs smelters, who could scarcely make a profit while working at half capacity, and who had to be persuaded to uphold the code by the transference to them of part of the producers' quotas. From the point of view of producers outside the United States, a danger lay in the possibility of heavy sales abroad, at well below 'Blue Eagle' prices, of copper from the large American stocks—some 550,000 tons—that existed when the code began to operate.

In spite of these difficulties and dangers, the introduction of the code was the signal for agitation in the United States, in Great Britain and elsewhere, for the arrangement of an international copper restriction scheme. In November 1934 a Copper Shareholders' Association was formed in London with the express object of urging upon the companies the need for such a scheme. The Rhodesian and other copper companies outside the United States, aware of their strong bargaining position, were cautious and reserved, but an international producers' conference was held in New York in March 1935, and at the end of that month, to the surprise of many sceptics, it announced the signature of an agreement for the restriction of output. The conference, it was stated, had been concerned exclusively with the situation outside the United States, the latter market being closed by the 4-cent tariff and organized by the copper code. It had been attended

by representatives of companies producing more than three-quarters of world primary copper production outside the United States, exclusive of Japan and the U.S.S.R., which were importers as well as producers. Production by the participating countries, it had been agreed, was to be reduced by 240,000 tons of copper per year from the current rate, beginning on the 1st June, 1935. Co-operation in non-American markets of producers other than those actively participating in the conference had been assured. This apparently referred mainly to Canadian mines. There was to be no pooling of sales or fixing of prices, but an effort was to be made to ensure stable markets and avoid wide fluctuations in price. Unless interrupted by certain contingencies, the accord was not to expire until the 1st July, 1938. Nothing was officially said about the participation of United States exporters in the scheme, presumably from fear of anti-trust agitation; but it was generally understood that a 'gentlemen's agreement' had been entered into for the limitation of American exports from stock to 8,400 tons a month, in place of the rate of over 12,000 tons a month at which they had previously been running.

At the time of the agreement, production of copper outside the United States had reached a rate of about a million tons a year, and was still rising, with consumption running at about the same level. But American exports were responsible for an additional 150,000 tons or so a year, representing a transfer of stocks of copper from the United States to other centres of trade and consumption, particularly to London, which from 1930 onwards, and especially after the imposition of the 4-cent duty, had replaced New York as the world market for the metal. The restriction scheme entailed a reduction of nearly 300,000 tons a year in the supplies available on importing markets, provided that the by-product producers and the scrap-copper mills did not substantially increase their output. Hence stocks outside the United States might be expected to decline at approximately the same rate at which they had been increasing before June 1935.

As a consequence, the price of standard copper in London, which had been very weak in the latter half of 1934, and which stood at £28 6s. 3d. a ton at the opening of 1935, rose to a peak of £34 16s. 10½d. a ton in May. Then came a relapse. On the 27th May, 1935, the United States Supreme Court declared the major provisions of the National Industrial Recovery Act unconstitutional.¹ The N.R.A. copper code automatically became unenforceable, though its members expressed their intention of abiding voluntarily by its provisions. The effective regulation of the United States industry suddenly

¹ See the *Survey for 1934*, p. 14.

changed from an operative fact into a dubious hope. At the end of June the United States Copper Association decided to abandon the code as far as selling quotas and so on were concerned, keeping only the fair-practice provisions; simultaneously it decided to reduce the domestic price of copper from the 'Blue Eagle' rate of 9 cents to 8 cents a pound. In London the cash price of copper promptly fell below £29 a ton. That, however, was only a momentary reaction. The prospect of maintaining the restriction agreement greatly improved as American consumption increased in the summer months. In the middle of September the United States domestic price was raised again to 9 cents a pound, by which time the London cash price was about £35 a ton. The American domestic quotation was later raised to 9¼ cents a pound, but the London price of copper was unusually steady at approximately £35 a ton until the end of the year. In April 1936 the American price was raised to 9½ cents, and this signal, coupled with the reduction of stocks of copper both in the United States and elsewhere, caused a further enhancement of prices on the London market.

For the time being, equilibrium had apparently been reached in world copper markets. Copper consumption outside the United States was estimated to have risen from 1,072,000 tons in 1934 to 1,205,000 tons in 1935, while production rose from 1,027,000 tons to 1,110,000 tons. Total supplies outside the United States, including secondary metal and American exports, were estimated at 1,267,000 tons. During the second half of 1935, which covered the first five months of the restriction scheme, consumption outside the United States exceeded supplies by 36,000 tons. The armaments race throughout the world, the rapid expansion of electrical equipment industries, the carrying out of great public-works schemes and the swift revival of the automobile industry combined to make world consumption of copper outside the United States higher in 1935 than in any previous year, higher even than in the boom years 1928 and 1929. Here again there was a sharp contrast between the United States and the rest of the world; for in that country consumption was estimated at only 470,000 tons in 1935, against an average of a million tons in the boom years. In 1934 there had been some uneasiness about the future of German import consumption, since the National-Socialist Government were exerting much pressure to extend the production of copper at home and to transfer demand to aluminium, which was smelted and refined in Germany, as a substitute for copper.¹ These measures, however, had little success in reducing Germany's imports of copper,

¹ See *op. cit.*, p. 45.

since the rapid expansion of her armaments more than made up for the curtailment of private demand.

Equilibrium in the world copper industry required two separate equilibria—in the United States and in the rest of the world. The difference between the conditions in these two sections of the industry was remarkable. In the United States, even with copper at 9 cents a pound, the costs of production were barely covered, and many mines were still incurring a loss at that figure. Hence, when the American producers agreed to regulate production and not to under-cut their competitors, the real cement of the ‘gentlemen’s agreement’ was the desperate necessity of finding some solid ground in the slough of depression and losses. In 1929 the net profits of the great Anaconda Copper Corporation totalled more than \$69,000,000; two years later the corporation incurred a loss of \$31,000,000. The market price of the shares fell from a high point of \$174 to a low point of \$3, within the space of three years. The loss was gradually reduced, and in 1934 was turned into a small profit, but even in the latter year the highest price fetched for the shares was only \$12.375. Very different was the position of the chief Rhodesian copper companies. When the world depression began, they were still in the stage of incurring big capital expenditure on development work. By 1934 two of the three great Northern Rhodesian companies had passed into the stage of making substantial current profits, while the third was rapidly moving into that stage. The operating costs of the two former companies did not exceed £21 a ton, so that, with copper at £35 a ton—roughly the equivalent of the 9 cents a pound that would just enable the American companies to pay their way—these Rhodesian concerns could return a very large operating profit per ton of copper after paying all interest charges, depreciation and other intermediate costs. In the last quarter of 1935, when the price of copper was fairly stable, the Roan Antelope company made profits equivalent to a rate of about 35 per cent. per annum on its nominal capital. For such mines, therefore, the appeal of the restriction scheme lay, not in its power to rescue them from bankruptcy, but in its usefulness in raising their aggregate profits to a maximum, having regard to the loss of trade and increase of overhead costs that must inevitably accompany restriction of output.

(g) OTHER COMMODITIES

The restriction schemes for rubber, tin and copper were much the most striking and the most important in force during 1935. Brief mention, however, may be made here of one or two others. In July

1934 a pact was negotiated between the principal producers of synthetic nitrate and representatives of the Chilean industry. Since 1932 a cartel, the 'Confédération Internationale de l'Industrie d'Azote', had been in existence among the European producers, guaranteeing domestic markets, regulating exports by quotas, and arranging for the closing of large new plants in Belgium and Holland on payment of compensation. Chile, however, remained outside the cartel and endeavoured to recover some of her lost markets by under-cutting prices. Ever since 1928 the world nitrate industry had suffered from greatly excessive capacity to produce, largely by reason of the protection given by almost every country in the world, for strategic purposes, to a domestic nitrate industry. Thanks to this defence of home markets, synthetic production, though sometimes carried on at a loss, was not greatly curtailed when the world depression came, but Chilean production fell from a nitrogen equivalent of 464,000 metric tons in 1929-30 to only 71,000 metric tons in 1932-3.¹ The reorganization of the Chilean nitrate industry to meet these circumstances was described in the *Survey for 1934*.² By the agreement of July 1934 Chile was allocated quotas in all the principal European markets except Poland, and in Egypt, totalling 720,000 metric tons of nitrate per annum; and it was estimated that she could sell an additional 450,000 tons in the United States, Japan and other markets not covered by the agreement. At the same time, in order to prevent under-cutting, a sliding scale was laid down for the relation between the prices for synthetic and for Chilean nitrate. The agreement was concluded for one year only, and when it expired in July 1935 prolonged difficulties blocked the way to a new pact. In September, however, agreements that had been initialled in the previous July were definitely signed, continuing the export quota system on the same lines as before, and including also provisions for the regulation of prices. Details were not published. The agreement was to last for a period of three years from the 1st July, 1935, but might be terminated after two years 'in certain circumstances'. It was understood in market circles that Chile's export quota had been raised to 1,250,000 tons, including the uncontrolled markets. The agreement had apparently been of appreciable value to that country, for the sales of the Chilean Nitrate and Iodine Sales Corporation were nearly 27 per cent. higher in 1934-5 than in the previous year, and 59 per cent. higher than in 1932-3. The profits of the Corporation for the

¹ The nitrogen equivalent of Chilean nitrate was approximately 1 ton of nitrogen to $6\frac{1}{2}$ tons of nitrate.

² p. 53.

year ended the 30th June, 1935, were £2,153,756, one-quarter of which, being the Government's share, went automatically towards the service of Chile's foreign debt. It remains to note that at the end of 1935 an arrangement governing exports and prices was entered into between the European and the Japanese synthetic nitrate syndicates.

In the early stages of the world depression, tea-planters resorted to finer plucking as a corrective for over-production, and their efforts were successful in preventing any fall in the prices of tea comparable with those suffered by raw-material industries like rubber and tin. Nevertheless the prices realized were unremunerative and world stocks increased threateningly. At the end of 1932 the producers of Ceylon, India and the Netherlands East Indies agreed severally to schemes of export restriction, which were later co-ordinated into an international restriction scheme. The latter went into force in April 1933. Standard allowances were based on exports in 1929-31, and an International Tea Committee was empowered to decide for each year the degree of restriction, which was to be enforced by the different Governments. The signatory countries also undertook to prevent any increase of the area under tea. The export quota, which for the first year of the scheme had been fixed at 85 per cent., was raised to 87½ per cent. for the second year (1934-5). At the end of 1934 stocks of tea in the United Kingdom were 15,000,000 lb. higher than they had been a year previously, and it was in accordance with general expectations that the quota for 1935-6 was cut once more to 82½ per cent. In their report on the second year's operation of the scheme, the International Tea Committee acknowledged that too much tea seemed to have been released up to April 1935. But still worse consequences, they declared, might have followed a failure to raise the quota for the second year, since dealers had adopted the view that even an 87½ per cent. quota would not afford a sufficient supply of tea; hence they had drawn to a considerable extent upon China and Formosa, who were outside the scheme, to replenish their stocks. In 1935-6 the absorption of tea appeared to be exceeding current supplies at a rate equivalent to 40,000,000 lb. in a year, but prices remained weak, and there was little surprise when the International Tea Committee decided to keep the export quota at 82½ per cent. for 1936-7. The continuance of restriction at this rate, however, enlarged the threat of encroachment by supplies from China, Japan and Formosa on the markets of the restricting countries. The International Tea Committee had from the first been concerned to secure the co-operation of other countries in the scheme; but, apart from an understanding

with the British Government and the Kenya planters that the East African tea area would not be extended by new planting, their efforts had produced no substantial result. There was also the possibility, of course, that a rise in prices might check consumption; the committee, however, was making striking attempts, financed by an export cess, to expand the consumption of tea by propaganda in Great Britain, the United States and elsewhere.

The sugar industry was similar to the nitrate industry in this important respect, that, in both, a natural product produced in areas far from the consuming countries had to compete with a heavily subsidized and protected industry in the latter. But whereas the great impulse to the production of synthetic nitrate was given by the War of 1914-18, the same cause favoured the cane-sugar industry at the expense of beet; for the main beet-sugar areas (Germany, Hungary, Czechoslovakia, Poland and Belgium) were either blockaded or occupied, and the cane-sugar producers were given a clear field, just as the wheat-growers of Canada and other overseas countries were given the opportunity to supply the former export markets of Russia and the Danube. At the turn of the century the proportion of cane-sugar to beet-sugar in world production (which had been 7:1 in the fifties) was only 1:2, but then came the Brussels Sugar Convention of 1902, and in the last pre-war year the ratio of cane to beet was 5:4. After the War cane-sugar accounted for no less than three-quarters of world sugar output. By 1934, however, in spite of a further increase in cane-sugar supplies, they constituted less than 60 per cent. of the world total. State protection for beet-sugar had become more extravagant than ever: tariffs, prohibitions, guaranteed prices, subsidies, dumping characterized the beet-sugar industry in every part of the world—including now Great Britain, who had not been a party to this extravagance before the War. In certain countries the price of sugar was maintained, for the benefit of home producers, at a level over ten times as high as the world price. In consequence demand was checked, and consumption fell from 26,900,000 metric tons in 1930-1 to 24,100,000 tons in 1932-3.

In May 1931 the so-called Chadbourne Plan was agreed upon by representatives of the sugar industries of Cuba, Java, Germany, Poland, Czechoslovakia, Hungary and Belgium. The scheme attempted to restrict supplies by means of export quotas, and aimed at clearing away surplus world stocks by 1935. The adherents of the plan loyally fulfilled their obligations to curtail their exports—which in fact fell below the allotted quotas—but the scheme was frustrated by the

countries outside its scope, notably British colonies and the United States and its dependencies, such as the Philippines and Hawaii. As the following table shows, the non-restricting countries increased their output by almost as great a total as that by which the signatories of the Chadbourne Plan diminished theirs.

WORLD SUGAR PRODUCTION

(in millions of long tons)

	<i>Chadbourne Group.</i>	<i>United States.</i>	<i>British Empire.</i>	<i>Other Countries.</i>	<i>Total World.</i>
1929-30 . .	12.5	3.5	4.6	6.7	27.3
1933-4 . .	6.1	5.0	7.4	6.6	25.1

Ever more stringent protection for the European beet industry meant a steady contraction of the free market for sugar, and it was therefore small wonder that the price fell almost continuously. From an average of 13s. per cwt. in 1927 it dropped to 6s. 3 $\frac{3}{4}$ d. in 1931, and to 4s. 8 $\frac{1}{2}$ d. in 1934. At one time the price fell to 4s. per cwt. The Chadbourne Plan expired, according to its terms, on the 31st August, 1935; and in spite of prolonged efforts it proved impossible to renew it. Java demanded complete liberty of action, but the other signatories formed a new committee to 'maintain close and mutually beneficial relations' between the various countries. The leadership in promoting new plans for the regulation of the world sugar industry was left to Great Britain.

As a result of continuous public criticism of the extravagance of the support given to the British sugar industry, the Government appointed a committee in 1934, under the chairmanship of Sir Wilfrid Greene, to consider the industry's future. They subsequently rejected, however, the conclusion of the majority of the committee that the subsidy should be progressively abandoned, and adopted instead a plan limiting the subsidized output to 560,000 tons of white sugar, adjusting the rate of subsidy in inverse relation to the market price of sugar, and consolidating the refining interests. In a White Paper explaining this scheme the Government expressed their belief that the sugar-producing countries could hope to set the industry upon an economic basis only by means of an international agreement for the adjustment of supplies to the requirements of the world market; and announced that they proposed 'to invite the Governments of the sugar-exporting Dominions and Colonies to examine with them the possibility of a joint endeavour to reopen international negotiations',

if there appeared to be a reasonable prospect of success. After they had consulted with the Empire producers, the Government let it be known, in October 1935, that they proposed to submit to foreign countries, at a favourable moment, a plan for the limitation of sugar-production to the highest level reached in the past three or four years, less a moderate percentage. In view of the Government's own policy towards beet-sugar, it appeared inevitable that the main burden of restriction, if it were resumed, must fall upon the cane-sugar industry. Out of a total world production of approximately 25,000,000 tons of sugar in 1935, only about 2,500,000 entered into free international trade, the remainder of the market being effectively reserved for domestic or colonial producers. Nevertheless the technical position of the industry was rather more hopeful at the beginning of 1936; for in 1935 consumption was estimated to have exceeded output by nearly three-quarters of a million tons, and 'visible' supplies had fallen by a still greater amount.

The danger of increased production by countries not participating in restriction, so vividly translated into fact in the sugar industry, was naturally present in a high degree when the restriction was conducted by a single country, even though it might originally hold a dominating position in world markets. In 1924 Brazil had introduced a law for the 'permanent defence' of the price of coffee, but the world slump, surmounting a succession of bumper crops in Brazil, brought the scheme to an end, and it was wound up in 1930. Brazil did not, however, cease her attempts to raise the price of coffee; and between 1930 and May 1935 she deliberately destroyed 35,000,000 bags of coffee of 60 kilograms each; the National Coffee Department was by this time heavily loaded with debt, and Brazil's credit abroad had practically disappeared.¹ Meanwhile she had been losing markets to other coffee-producers. In 1923-4 the production of coffee outside Brazil had amounted to 5,700,000 bags; in 1932-3 it had risen to 9,200,000 bags; and even in 1934-5, a bad crop-year, it was 7,700,000 bags. In the first eight months of 1935-6 it was 6,000,000 bags. The Brazilian crop in the latter year was 14,000,000 bags; for 1935-6 it was estimated at 18,700,000 bags (later revised to 17,300,000 bags), of which 4,000,000 bags were to be purchased by the National Coffee Department in order to equate supply and demand. The policy of the Department was declared by its chairman to be against excessive valorization.

In another primary industry, however, that of raw cotton, Brazil benefited by the very process that was undermining her world

¹ See the *Survey for 1934*, p. 50.

dominance in coffee.¹ The Bankhead Cotton Act in the United States applied to the cotton-plantations the principles of the Agricultural Adjustment Act, namely a payment to growers in return for a limitation of acreage. At the same time the United States Government directly supported the price of cotton by offering to lend to growers 12 cents a lb. on the security of their cotton, a rate appreciably above the free market price. In consequence buyers restricted their purchases of American cotton, the principal beneficiaries of this redirection of demand being Brazil, British India and Egypt. The United States authorities were apparently anxious in 1935 to negotiate an international agreement for the limitation of cotton-production—an anxiety that may be well understood—but the response from other producing countries was negative. In the August of that year it was announced that the loans to farmers on their cotton would be reduced to 9 cents a lb., but that the Government would make up any difference between the realized price and 12 cents; and in October the Secretary for Agriculture declared that no Government holdings of cotton would be sold for less than 13 cents a lb. These moves were apparently intended to stimulate the export of new-crop United States cotton, and so to stop the encroachment of other producing countries on markets that had previously been all but monopolized by the United States. The decisions of the Supreme Court in 1936 against the system of processing taxes seemed to foreshadow a relaxation of subsidized restriction in cotton as in other agricultural industries, and the later policy of the United States Administration was towards the progressive liberation of Government-held stocks of cotton. As a result, United States cotton recovered in 1936 some of its lost share of world markets.

The regulation of oil production in the United States under Federal authority encountered even graver constitutional obstacles than the restriction of cotton-growing. Control of oil output and trading was attempted under section 9 c of the National Industrial Recovery Act from September 1933 onwards, but after a series of practical set-backs and adverse judgments in lower courts it was declared unconstitutional by the Supreme Court, in the case of the Amazon Petroleum Corporation, on the 7th January, 1935, more than four months before the famous Schechter judgment, which declared invalid the major provisions of the National Industrial Recovery Act. Federal regulation of output was then replaced by State regulation, and by Federal

¹ The Brazilian Government were earnestly stimulating the production both of cotton and of citrus fruit, in order to relieve the country's dependence upon a single export crop.

control of inter-state shipments of oil produced in excess of state allowances. An Inter-State Compact, entered into by a majority of the oil-producing states, afforded a parallel with the international restriction agreements for commodities like tin or rubber. Thereupon the alliances shifted in the battle for and against oil restriction in the United States. Previously the Federal Government had fought both the State Governments and the producers; now most of the State Governments, with the support of the leading producing companies, fought for restriction against recalcitrant producers of 'hot oil'. The effort was successful in 1935. In spite of a large increase in American production, crude oil stocks in the United States fell by over 22,000,000 barrels in 1935, and prices were raised by 10 cents and in some fields by 15 cents a barrel. There were still flaws in the regulation system (notably the abstention of Louisiana from the Inter-State Compact and the absence of a conservation law in California), but the rising level of demand, both in domestic and in foreign markets, more than offset such weaknesses. The United States dominated the world petrol industry, as the following table shows.

CRUDE OIL PRODUCTION¹
(in millions of metric tons)

	1934	1935
United States	123·2	135·0
U.S.S.R. (including Sakhalin) .	24·2	25·1
Venezuela	20·1	22·0
Rumania	8·5	8·4
Iran	7·7	7·6
Netherlands East Indies . .	5·9	6·1
Mexico	5·7	5·9
'Irāq	1·1	3·7
Colombia	2·5	2·5
Peru	2·2	2·3
Argentina	2·0	2·0
Trinidad	1·6	1·7
British India	1·2	1·3
World Totals	208·3	226·5

The check to the production of 'hot oil' in the United States had an immediate effect on world markets. Higher prices were charged for motor spirit (the retail price of No. 1 petrol in Great Britain was raised from 1s. 5d. to 1s. 6d. in May 1935), and the great oil-producing, transport and trading companies showed very much increased profits. Thus, quite apart from practical difficulties, an international restric-

¹ Report of the Royal Dutch Company (*Financial News*, 6th June, 1936). See also the *Survey for 1935*, vol. ii, p. 276.

tion scheme for oil was off the map in 1935 because there was no necessity for it.

(h) CONCLUSION

The survey of the principal restriction schemes that has been attempted in this chapter, incomplete as it is, has shown how comprehensive they were, and in many instances how strict. For the most part, the tale is one of success in 1935; the international schemes, with the notable exception of the Chadbourne Plan for sugar, held together in spite of difficulties and dangers, and often succeeded in engineering a very profitable rise in prices. It is always hazardous to guess what might have happened had some historical event not occurred, but let us suppose that in the absence of the schemes the prices of the commodities concerned would have remained near the level at which they stood when restriction first seemed probable to market operators. Then, on the basis of prices ruling at the end of 1935 and the rate of demand at that time, the three restriction schemes for rubber, tin and copper were gaining for the producers of those commodities an increased return at the rate of perhaps £50,000,000 per annum. Most of this charge, which was being paid by the consuming industries and almost certainly being passed on to the final consumers, was coming back to European countries and North America in the shape of higher dividends. Comparing this picture with the very different scene depicted in the *Survey for 1930*, one is forced to the conclusion that the comparative success of the restriction was due as much to the general economic circumstances of the time as to the inherent strength of the schemes themselves. When world demand was falling and prices were still on the downward course, restriction commonly aggravated the trouble by throwing back stocks from the consuming to the producing end of the economic chain; as soon as internal weaknesses appeared, the schemes rapidly broke down, leaving the industry in a worse condition than before. But when once the stocks in the hands of consumers and intermediaries had been brought to a low level, and circumstances had forced down costs of production to a rate that allowed some hope of profits at a lower level of world prices, restriction began to succeed in its aims, and success bred success. It would have bred eventual failure, nevertheless, had the rise in prices caused a large diversion of demand to alternative products, and this danger always hovered near; but in 1935 the activity of most manufacturing industries was increasing, almost all products shared in the rise of prices, and hence there could be no permanent refuge for consumers in alternative materials or

sources of supply. In brief, restriction hastened and extended an upward movement of prices (with the consequent burden upon consumers and bonus to investors) that would have resulted in any case from the operation of more normal economic forces.

While restriction extended in this period over almost the whole range of vital raw materials and some important foodstuffs, there were great differences between the several schemes—differences that profoundly affected, not only the probable future of the industries concerned, but also the relation of restriction to the broader problems mooted in this chapter. Yet it is difficult to expound those differences succinctly; for they were founded less upon variations in the schemes' formal constitution than upon variations in the outlook and objectives of their principal promoters. Thus the fact that consuming interests were offered a voice in the deliberations of the International Tin Committee was no answer in practice to the criticism that the prime motive of the tin scheme, especially in the buffer-stock phase, was to make higher profits for certain leading tin concerns, in face of opposition from important producing interests in the industry itself (especially in Malaya), as well as from consumers and traders in tin. This instance suggests that Governments could not be entirely relied upon to fulfil their prime task in connexion with restriction, namely, to hold the balance between the different interests—producers, traders and consumers—in the service of the whole nation or empire and, between them, of the World.

The restriction movement secured not merely the endorsement but the active co-operation and participation of the Governments of producing or investing countries. One great international scheme, that for wheat, was initiated and conducted by Governments on the official plane; in at least one of the participating countries, Australia, the Government had to face strong criticism of their decision from their own producers. At the other end of the scale, the international copper scheme of 1935 did not seek the aid of governmental authority, though, to be sure, it only became possible when governmental authority had restored order in the greatest producing and consuming country, the United States. Other schemes, including those for tea, rubber and tin, began with international agreements among producers for which governmental sanction was promptly sought and obtained. The rubber and tin schemes could not possibly have been enforced without the legislative intervention of the Colonial Governments concerned. The International Tin Committee and the International Rubber Committee were under the direct control of the participating Governments, and special developments—such as the

heavy taxation on native rubber in the Netherlands East Indies, or the buffer-stock arrangement for tin, about which a number of questions were asked in the House of Commons—emphasized the responsibility of Governments for the conduct of those schemes. That responsibility, extending as it did over practically the whole field of international restriction of production or export, was a very grave one; for the Governments could not only be praised for the successes of restriction but could also be blamed for its defects and for the incidental injuries that it wrought.

In 1935, the worst of those injuries seemed to lie mostly in the future. Consuming industries were indeed being compelled to pay much higher prices, but their grievances were allayed by the fact that business was rapidly improving and that they could pass on their increased costs to their customers or obtain compensation through the economies of a larger turnover. Consuming countries whose balances of trade were strained by the higher prices of imports (and Great Britain, no less than Germany or Italy, must be counted among their number) had no such redress. But in the producing industries themselves, at this period, the advantages of restriction were actual and the damage seemed only a threat for the future. Since that damage was thus largely a matter for speculation, it will suffice here to indicate its two main possible causes—the keeping alive of high-cost producing units whose costs were out of relation to the true economic price of their product, to the detriment of the low-cost producers whose normal expansion had been dammed; and the prevention of experiments and extensions that would one day be necessary if world demand expanded considerably (as it well might) beyond its pre-slump level. This was of particular importance in connexion with the ban on re-planting of rubber, by reason of the long period of gestation of new rubber growths.

Another general observation that may be made about restriction schemes in 1935 is that the colonial empires were far from being exclusively responsible for the deliberate raising of prices by the limitation of supply. In two great industries, wheat and sugar, the responsibility for the unhappy condition of world markets lay chiefly upon importing countries, which maintained artificially high prices within their own borders, thus automatically limiting consumption and leaving exporters with no alternative but to regulate supply to the remaining import demand. The United States complained bitterly of the injustice of raising against her the price of tin and rubber, for the benefit of the British and Netherlands Empires; but in the restriction of copper, of wheat, of cotton she played a leading and decisive

part; and it was American interests that sponsored the Chadbourne Sugar Plan. The countries that bore the greatest burden through the raising of prices by restriction of supply were those that neither produced the raw materials and foodstuffs themselves on a scale commensurate with their needs, nor obtained compensation through an increased return on their investments in producing countries. Even these countries were compensated in so far as they were able to sell a greater volume of exports to more prosperous primary producing countries, but in this direction they were largely handicapped by tariffs and preferences. Only a fringe of their problem was touched by barter agreements, like the one made between Germany and Chile, whereby the former undertook to accept an increased quantity of Chilean nitrate in return for increased exports of German machinery, the net balance of trade in Chile's favour being used to repay frozen commercial debts due to German exporters. The trade of the producers of necessary raw materials and foodstuffs had to be regarded as a whole—tariffs, preferences, export taxes, restriction, interest payments and movements of capital—if the problem mooted by Sir Samuel Hoare in his Assembly speech was to be thoroughly explored and permanently solved.

(ii) Recovery and Instability

(a) THE DIFFICULTIES OF THE GOLD BLOC

The devaluation of the belga, which was described at length in the last volume of this *Survey*,¹ was the only major breach in the fabric of the gold bloc that occurred in 1935;² for Italy's migration from the ranks of the genuine gold-standard countries to those of the countries with artificially maintained parities, like Germany, had in fact taken place some time previously—indeed her membership of the gold bloc had been scarcely more than nominal since the bloc was formally created in 1933. But the troubles that forced Belgium to revalue her currency bore with almost equal severity upon the remaining countries of the gold bloc, and the year ended without any visible progress towards monetary equilibrium, and without any relaxation of the unrelenting threat to the gold standard.

France and the Netherlands had a particularly anxious experience in 1935. Monsieur Flandin's attempt to combine a more liberal monetary régime with budgetary deflation and the stern defence of

¹ See the *Survey for 1934*, pp. 30–4.

² The Danzig gulden was devalued by 42·37 per cent. in May 1935 (see p. 224, above), but it had been no more a member of the gold bloc than the Reichsmark had been.

the franc failed dismally, partly because it met with opposition in banking quarters, but more because the one ingredient that could have bound that combination together—public confidence—was missing. And the underlying cause of the want of confidence was still the inability of successive Governments to balance the budget. No expressions of official policy, however vigorous—not even the announcement, early in April, that new gold 100-franc pieces would be coined to the value of 1,200,000,000 francs in the next nine months, and thereafter at an annual rate of 1,500,000,000 francs—could stem the fears of the financial markets. Uneasiness over the budgetary situation in May 1935 gave rise to rumours of impending devaluation. The franc was heavily sold for sterling and dollars, and at the same time shares boomed on the Paris Bourse in anticipation of inflation. The London ‘control’—that is to say, the Exchange Equalization Account—was reported to be stemming the fall of the franc, an intervention that was repeated on every occasion when the gold-bloc currencies were threatened, and without which, it is fair to conclude, their parities could not have been maintained through this tempestuous period. These efforts, however, could not keep the franc above gold export point, with the result that large quantities of gold were shipped to London and New York. On the 23rd May the Bank of France raised its discount rate from $2\frac{1}{2}$ to 3 per cent., on the 25th from 3 to 4 per cent. and on the 28th from 4 to 6 per cent. By this time the flight from the franc had assumed almost the character of a panic, and the Finance Committee of the Chamber felt it their duty, they said, to express this unanimous sentiment:

In presence of speculation let loose against the franc, the Committee declares itself determined to preserve the integrity of the national currency by every means.

The surest means of preserving the integrity of the national currency was obviously to impose the taxation and economies necessary to balance the budget, but the unanimity and determination of the Finance Committee, so formidable in respect of the end, were absent when it came to voting the means. Their brave announcement accompanied the news that they had rejected the Emergency Powers Bill put forward by the Government to deal with the financial and fiscal crisis. When the Bill was roundly defeated in the Chamber on the 30th May, Monsieur Flandin's Government resigned. After Monsieur Bouisson had formed his Government confidence rapidly returned, and the franc rose immediately above the gold point. The appointment of Monsieur Caillaux as Minister of Finance was a source of encouragement, for it was thought that he might achieve more

ambitious reforms than his predecessors. Monsieur Caillaux declared that the revival of international exchanges was in the forefront of his preoccupations, and that this would be vastly facilitated if the ratios of value between the great currencies, other than the franc, could be mutually stabilized in the near future.

The siege of the franc, however, was raised only for a very short spell. After less than four days in office Monsieur Bouisson's Government resigned, having been narrowly defeated in the Chamber on their Bill granting them plenary powers to deal with the financial situation. On the 7th June Monsieur Laval succeeded in forming a Government, but in a single week, while the political cauldron bubbled, the Bank of France lost £64,000,000 worth of gold (reckoned at the current rates of exchange). In the three weeks ended the 7th June the drain of gold reached a total of some 9,000,000,000 francs, equivalent to about £120,000,000 sterling. Then came a period of relief. Monsieur Laval's success in securing emergency powers from Parliament removed the chief political obstacle of the moment, and a quantity of gold returned to the Bank of France. By the 8th August the bank rate had been reduced by four stages from six to three per cent. The Bank of France had decided to suspend further advances against the security of gold, as a check upon speculation; this move followed an apparently independent request by the Bank of England to the London banks and bullion-brokers to ban speculative forward dealings in gold—another measure of co-operation in defence of the gold-bloc currencies.

Meanwhile the Government under Monsieur Laval were pushing forward with their measures of budgetary economy and taxation; Monsieur Régnier, the Finance Minister, estimated ordinary expenditure for 1935-6 at 40,000,000,000 francs, and ordinary revenue at the same figure, while 6,500,000,000 francs of extraordinary expenditure would have to be met by borrowing. Monsieur Régnier pointed out, however, that more than half of this extraordinary deficit would be balanced by redemption of debt under the statutory sinking funds. On the 17th July Monsieur Laval's Government published decrees effecting a total economy of nearly 11,000,000,000 francs in the budgets of the state, the municipalities and the railways. The salaries of Government servants, all state pensions and Government interest payments¹ were alike cut by 10 per cent., and the coupon tax on bearer bonds was raised from 17 to 24 per cent. Payers of rent, by way of consolation for the sacrifices that these measures might impose upon them, were authorized to deduct 10 per cent. from

¹ Except on bonds held by foreigners.

the sums due to landlords, and compulsory reductions were also effected in the prices of electricity, gas, coal and bread.

There were signs that Monsieur Flandin's attempt at reflation was to be renewed. In August Monsieur Tannery, the Governor of the Bank of France, announced that the Bank would rediscount Government paper as liberally as it rediscounted commercial bills—a reversal of the traditional policy of the Regents of the Bank—and a batch of decrees presented in that month included one for the expediting of the public works programme, at a cost of a billion francs. By the end of October, when his powers to act by decree expired, Monsieur Laval had been responsible for five hundred emergency decrees, some of them extending governmental interference with private contracts to a length never before contemplated in France. But renewed parliamentary difficulties set in motion once again the forces of attack upon the franc. The movement, as before, was cumulative; for when fears of devaluation had driven down the exchange value of the franc the consequent outflow of gold sharpened those very fears. By Christmas the bank rate was up again to 6 per cent. Between the 1st November and the 13th December the Bank of France lost over 6,000,000,000 francs in gold—approximately £80,000,000; the drain was then arrested for a while, but the net loss of gold in the course of 1935 was 15,750,000,000 francs—more than £200,000,000. Although the ratio of the gold reserve to sight liabilities was still 71.5 per cent. at the beginning of 1936, every fresh loss of gold increased the likelihood of a further flight from the franc, as investors saw the reserve ratio falling and drew the inevitable conclusions for the future.

On the last day of 1935 the French bank rate was reduced from 6 to 5 per cent., and by the following 6th February it was down to $3\frac{1}{2}$ per cent. The formation of the Sarraut Government on the 24th January had revived confidence in the franc, and it was the American dollar that was now showing weakness, for reasons that will be discussed later.¹ No display of monetary ease, however, nor a temporary flight from the dollar, could alter the inner source of French currency insecurity, the difficulties of the Treasury. The lowering of the bank rate did not mean easy borrowing-conditions in Paris. After a month of rumour it was announced on the 17th February that the French Government had arranged with a group of British banks a credit of £40,000,000 for a period not exceeding nine months, with interest at 3 per cent. Arrangements had been made between the Bank of England and the Bank of France with the object of safeguarding the exchange from the disturbances that the transaction might otherwise involve. No

¹ See below, pp. 401-2.

further official announcement was made, but it was reliably reported that payment of the loan was to be made in six weekly instalments, and that the credit would be opened for three months in the first place, renewable for two further periods of three months. The subsequent course of the London market in Treasury Bills gave a clue to the character of the exchange arrangement; for it indicated that bills were being bought on French account, from which fact it was deduced that with the co-operation of the Exchange Equalization Account the Bank of France was furnishing, against security held in London, the francs required by the French Government. The loan might be regarded as a return of the compliment paid in August 1931, when the Bank of France lent £25,000,000 to London to defend the pound; if so, it was an ill omen for the later fate of the franc. The story of France's subsequent financial difficulties, at the time of the general election and afterwards, must await a later volume of the *Survey*.

The experience of the Netherlands in 1935 was not unlike that of France. The national economy and public finances did not suddenly deteriorate, but their inner weakness made the Netherlands prone, like France, to repeated attacks on the currency, the trigger-pull being usually some political disturbance. As the aftermath of the fall of the belga, there was a 'raid' on the guilder in April 1935, compelling an increase of the Netherlands Bank rate to $4\frac{1}{2}$ per cent., after a year and a half at $2\frac{1}{2}$ per cent.; but the danger passed and the rate was soon down again to 3 per cent. The real crisis came in July, when the Catholic Party refused to support Dr. Colijn's Economy Bill. On the 24th July the bank rate was raised to 5 per cent., and on the following day to 6 per cent. Dr. Colijn vigorously expressed his intention of maintaining the existing gold parity of the guilder at all costs; it was not, however, his intentions that were doubted but his chance of remaining in office. On the 26th he resigned, but after a vain attempt by the Catholic leader, Dr. Aalberse, to form a Cabinet, he became Premier once more on the 30th. 'The attack on the guilder has failed', Dr. Colijn declared, 'and it is the fixed purpose of the new Ministry to continue the monetary policy of the former Cabinet'. In a broadcast address he promised a serious inquiry into the practicability of measures that had been advocated for stimulating the national economy by means of public works on a large scale and by fostering industrialization. Dr. Colijn admitted that economic conditions were bad, but added that they were much better than in most countries. A few days after the formation of the new Government the bank rate was reduced to 5 per cent. In a single week, during the crisis, the Netherlands Bank had lost over 130,000,000

guilders in gold, equivalent to nearly £18,000,000 at the ruling rates of exchange. Gold soon began to return to the bank, but in September—so suspicious were the financial markets of the political bases of the Netherlands economy—the approaching reassembly of Parliament was enough to set in motion a fresh flight from the guilder. The bank rate was restored to 6 per cent., Dr. Colijn held his ground and the crisis passed into history, but between the 9th and the 30th September the Netherlands Bank sustained a further loss of 63,000,000 guilders (£8,500,000). In the course of 1935 its net loss of metallic reserves was 198,000,000 guilders, but the year ended with the bank rate down to $3\frac{1}{2}$ per cent., and on the 4th February, 1936, the rate of $2\frac{1}{2}$ per cent., which had ruled from the time of the World Economic Conference of 1933 until the crisis of April 1935, was restored once more.

The sudden symptoms of weakness among the gold currencies were infectious: if, for example, the guilder was attacked, the French and Swiss francs lost value also, not because they were involved in the immediate causes of the attack, but because financial operators felt that another defection from the gold bloc might mean its entire collapse. Switzerland suffered gravely from this infection of doubt, but there were special reasons also for the undermining of confidence in the Swiss franc. Certain flaws—themselves of a small order, but significant of larger difficulties—appeared in the internal banking structure. And apprehension was aroused in the first half of the year by the prospect of the '*initiative de crise*', an inflationary proposal which had been promoted by Socialist groups.¹ Financial confidence was much strengthened by its defeat in the referendum of the 2nd June. Nevertheless, during 1935 the Swiss National Bank lost nearly 521,000,000 francs in gold, equivalent to £34,000,000 at the existing exchange rate. Thus the central banks of France, Switzerland and the Netherlands lost between them over £250,000,000 in gold in the course of 1935. The eventual destination of the bulk of this gold was the United States, whose net imports of gold totalled \$1,739,000,000. World production of gold totalled £230,000,000 in 1935,² to which may be added a net export of £275,000,000 from the three gold-standard countries mentioned above, and £33,000,000 released from hoards in India—an aggregate of £538,000,000. The United States recorded a net import of £375,000,000, and Great

¹ See the *Survey for 1934*, p. 30.

² The figures of gold production, imports and exports in this paragraph are taken from the *Federal Reserve Bulletin*; the valuations of gold at \$35 an ounce have been reconverted into sterling at the rate of \$4.90 to the pound, the average rate ruling in 1935.

Britain a net import of £75,000,000, leaving £88,000,000 of fresh gold available for the rest of the world outside these groups. Of this, nearly £20,000,000 was accounted for by the rise in the gold reserves of the U.S.S.R. Since the reserves of the Bank of England rose by only £8,000,000 in 1935, the bulk of British net imports of gold was to be regarded as a merely temporary refugee. There was evidence that a great deal of gold found its way into private hoards and speculative holdings in Europe; a sign of this process was the persistent premium on gold in the London market in relation to the exchange rate of the moment with gold-standard currencies.

Belgium's experience after the devaluation of the belga might well have encouraged her former fellows in the gold bloc to follow her example. On balance, her National Bank was a gainer of gold during 1935, in spite of the heavy losses that it suffered before the devaluation took place. The bank rate remained at 2 per cent. from the 16th May, 1935, to the end of the year. While retail prices rose only slowly, wholesale prices increased almost in proportion to the degree of devaluation, with the result that business generally became more profitable, while real purchasing power was increased. Unemployment diminished, and the prices of securities, including Government stocks, greatly improved. A big conversion operation was carried through in May, 5 and 6 per cent. bonds being exchanged for 4 per cents., with a bonus of 5 francs per 100 of the nominal value of the converted bonds. Out of 26,000,000,000 francs involved in the operation only 90,000,000 were registered at the National Bank as not to be converted. A small prospective budget surplus was announced for 1936, and Monsieur van Zeeland, the Premier, declared that it had been scarcely necessary to touch the profit of 4,350,000,000 belgas obtained by the revaluation of the National Bank's gold reserve. Extraordinary expenditure of 2,304,000,000 belgas, however, had to be provided out of borrowing, mostly for unemployment relief works. Belgium's import surplus did, indeed, increase in 1935 compared with 1936, but this served only as additional proof of the proposition, so amply borne out by the experience of different groups of countries all over the world in this period, that the degree of internal prosperity had little direct relation to the balance of trade, but depended rather on the internal structure of wholesale and retail prices, and on the possibility of stimulating trade through cheap money combined with public confidence. The importance of external trade in this connexion was to impose a limiting factor upon prices of articles exported or subject to the competition of imports.

To judge from their balances of commodity trade, on mercantilist

principles, the three countries of the European gold bloc ought not to have suffered any special adversity in 1935. The increase of 240,000,000 francs in France's import surplus must have been more than fully compensated by the improvement of shipping earnings and of the tourist traffic. The Netherlands and Switzerland both reduced their adverse balances of commodity trade, compared with 1934, the former by 65,000,000 guilders and the latter by 129,000,000 francs.¹ The combined trade deficit of the group was thus reduced by over 1,050,000,000 French francs. Yet among all the countries supplying official statistics of unemployment, these three showed the largest proportionate increases in the numbers of registered unemployed in 1935; the only other country on the list to show a substantial rise in unemployment was Poland, also a member of the gold bloc.

On the 27th April, 1936, Poland left the gold bloc and placed the zloty among the artificial-parity group of currencies. By special decree, free dealings in gold were abolished and all dealings in foreign currency were placed under the authority of a Government-controlled board. Transfers abroad into any currency were prohibited except under special licence; only recognized banks were to be allowed to deal in foreign currency, and no citizen was to be allowed to take more than £20 abroad except with a permit. It was reported that the Polish central banking authorities had been opposed to the relinquishment of the gold standard, but that the Government's hand had been forced by the rapid decline of the gold reserves. The official rate of exchange for the zloty was left unchanged. Before the restrictions were announced, the zloty was quoted in London at $26\frac{1}{4}$ to the £; three months later the nominal rate was $26\frac{1}{2}$ –27. On the 26th June Poland dressed herself still more exactly into the ranks of the financially barricaded countries by suspending payment of the service of her overseas debt. The sums due were to be paid into special accounts to the credit of the bondholders, but would remain 'frozen'. The official reason given for the suspension of transfers was that the decrease of Poland's foreign trade had caused a rapid decline in the reserve of the Bank of Poland.² Among the loans affected were four loans issued in the United States between 1920 and 1930, of which \$111,000,000 was outstanding, a loan of 246,000,000 lire issued in Italy and other international debts of the Polish Government, together with a number of municipal loans and Government-guaranteed

¹ The contraction of their adverse balances of external trade was not confined to 1935, but was part of the consistent effort of the gold-bloc countries to meet the world depression.

² The latest return at that date showed a decline of about 140,000,000 zloty in the gold reserve, in the course of a year, to 370,000,000 zloty.

credits (to a reported total of about \$500,000,000) granted by foreign banks to Polish credit institutions. Service on the sterling loan of £1,270,000 and other debts to British creditors was to be continued; for Poland's exports to the United Kingdom in 1935 totalled £7,281,000, more than one-third of her entire exports, whereas imports from the United Kingdom totalled only £3,785,000.

The spokesmen of the gold-bloc countries renewed in 1935 their pleas for all-round stabilization of currencies. In this they clearly had good cause from their own point of view; for whether or not a currency was over-valued the main external advantage of keeping it on gold was exchange stability, and that was a game that two must play. Moreover, granted the existence of over-valuation, there seemed little hope of correcting it save in a period of exchange tranquillity during which international price-levels could gradually become adjusted to each other. When the currency seas became unusually stormy in February and March 1935, there were many rumours that Great Britain contemplated a policy of stabilization. These were abruptly dispelled, however, by Mr. Chamberlain, the Chancellor of the Exchequer, when he told the House of Commons on the 7th March that he did not believe that they were in a position at that time to take the risks of putting the pound at the mercy of either the franc or the dollar. We had on either side of us, he said, a currency anchored to gold, the franc and the dollar; and they were out of economic relation with each other.

Nevertheless, reports of impending moves toward stabilization were heard once again after Mr. Morgenthau, the United States Secretary of the Treasury, had declared in a broadcast talk on the 14th May, 1935, that Washington would present no obstacle to international currency stabilization. His main argument, however, was directed to justifying the Administration in not taking the lead in this matter. If the dollar were finally stabilized on gold, he said, it would offer a temptation to others not to follow but to take advantage of the United States' disadvantage. Mr. Morgenthau added:

So far from engaging in a competitive devaluation race with other nations, we hold out to them a currency of such steadiness that the normal tendency may very well be for the rest of the world to move gradually towards a practical exchange stabilization. If that can be achieved, the final step should come easily and of its own accord.

Two days later the Chancellor of the Exchequer repudiated the implication that Great Britain ought to take the lead in stabilization.

Just as it is no use to try to anchor a ship if the anchorage is always slipping [said Mr. Chamberlain], so, it seems to me, it would be futile

to attempt to bring about stabilization in that way until we can see some prospect of stability of conditions after the stabilization has been effected.

He added that stabilization was one of the Government's ultimate objectives. But there were no practical efforts towards general stabilization in 1935, and 1936 opened with prospects of currency movements that would still further postpone an all-round return to an international standard.

(b) INTERLUDE IN THE UNITED STATES

On the 27th May, 1935, the United States Supreme Court pronounced sentence of death upon the National Industrial Recovery Act.¹ For a time there was confusion among business men, at Washington, and in financial markets; for so comprehensive had been the provisions of the Act, and so deeply had its 'advertising points' been impressed upon the minds of the general public, that it was difficult at a first glance to see how labour and industry would fare without this governmental scaffolding. Mr. Donald Richberg, the chief administrator of the N.R.A., at once announced that all compulsory provisions of the codes would be suspended immediately. The Government, he added, were faced with the question of maintaining the gains and retaining the values created under the N.R.A.

Pending the determination of this question, it would be most harmful to the general welfare should unfair competitive practices be revived or the fair standards regarding labour be disregarded. I hope that all employers and employees will co-operate to maintain those standards.

The Administration made efforts to restore or retain, by changing their legal bases, some of the subordinate instruments and activities of the N.R.A., and announced that code standards would still be required of those tendering for Government contracts or offering goods for sale to Government agencies—a powerful weapon when four billion dollars had been voted for unemployment relief works. The leaders of some of the major industries, too, expressed a determination to maintain the fair-practice provisions of the codes and to uphold 'Blue Eagle' standards; it has already been shown in this volume² how far this intention was successful in the copper industry. But from the moment when the Supreme Court delivered judgment it was clear that the prime elements of the N.R.A. system—regulation of prices, compulsory labour standards, Government endorsement of trade unionism—must disappear without hope of revival under other

¹ See the *Survey for 1934*, p. 14.

² See p. 376.

guises, unless constitutional amendments should make them valid on a national scale.

Had the N.R.A. at that time been a strong and effective system, its destruction overnight might have meant chaos; in particular, it might have entailed a disastrous outburst of industrial warfare. But where the N.R.A. had not already achieved its purpose it was gradually becoming not more but less effective. It had rallied the ranks of trade unionism, restored to labour the initiative that had been lost during the calamitous years from 1931 to 1933, arrested the Gadarene career of uncontrolled competition in prices and industrial conditions, and given to industrial organizations a sense of authority and public responsibility that they had never before possessed. On the other hand, among the smaller units of industry and trade its provisions had been largely evaded, and it had never succeeded in enforcing industrial or craft unionism, as against company unionism or the open shop, except where the real power lay in the strength of the union itself rather than in the arm of the law. In short, most of its work was either done already, or else could never be done in the circumstances of the United States at that time. The end of the N.R.A. made the less disturbance in that it was in essence a deflationary device, and therefore conflicted with the inflationary tendency of the period.¹

While the demise of the N.R.A. certainly had very little direct consequence upon the general trend of American economic affairs, there were many opponents of the New Deal who claimed that it had actually been the signal for renewed economic recovery, because the N.R.A. had acted as a continual check to business confidence. It is unlikely, however, that business would have been permanently stimulated had not the underlying conditions already been favourable. The statistical facts are these. The index of prices of industrial products, after falling in the first four months of 1935, began to rise in May, and by the end of the year was appreciably higher than at the corresponding time in 1934. The index of factory employment rose by 8 per cent. between December 1934 and December 1935;² the index of factory pay-rolls, in the same interval, rose by 21 per cent.—a clear indication that the average money rate of wages was rising. The index of industrial production meanwhile rose from

¹ See the *Survey for 1933*, pp. 30-1.

² The course of unemployment in the United States cannot be stated accurately owing to the lack of continuous official figures. An official estimate gave 10,915,000 as the figure for September 1935—a quarter of a million less than in October 1933 and four millions less than during the crisis of March 1933.

85 per cent. to 104 per cent. of the 1923-5 average, an increase of 22 per cent. There was, moreover, a striking change in the relative trends of different groups of industries. In the previous two years the industries producing capital goods had lagged far behind those producing goods for consumption, and the iron and steel industry in particular suffered as severe a slump in the middle of 1934 as any that it had experienced in the earlier years of depression. From December 1934 to December 1935, however, the index of iron and steel production rose from 57 to 90, while the general index for manufactures rose only from 76 to 95. The choice of these months, it is true, accidentally exaggerates the trend, but as between the whole of 1934 and the whole of 1935 the activity of the iron and steel industry increased by 31 per cent., whereas the average increase was only half that percentage. The index of construction contracts awarded—one of the prime movers of recovery—began to rise steadily after May 1935, and at the end of the year stood at more than double the height of the previous December. This revival of capital investment may have been caused, to some extent, by the increase of business confidence resulting from the disappearance of the N.R.A. It may be noted, as a further exemplification of the thesis of the mutual independence of external and internal trends, that, although American exports increased in 1935, imports increased far more rapidly, and the outward balance of commodity trade was less than half its 1934 amount.

It was not only the Schechter judgment that brought the constitutional issue to the front of American politics and economics in 1935. When the year began, financial markets in the United States were in a state of extreme nervousness in anticipation of the Supreme Court's decision in a series of cases concerning the 'gold clause' in public or private contracts. On the 5th June, 1933, the President had approved a Joint Resolution of Congress declaring every provision in any obligation (including those of the United States, except currency) purporting to give a right to demand payment in gold or in a particular kind of coin or currency, or in an amount of money measured thereby, to be against public policy. By a majority of five to four the Supreme Court gave judgment, on the 18th February, 1935, in favour of the constitutionality of this resolution as far as private contracts having gold clauses were concerned, but against the right of the United States Government to repudiate their own obligation to pay in gold or its equivalent. The majority ruled, however, that the holders of Government bonds could sue for payment only if they could show actual damage through payment in

depreciated dollars; and that the damage sustained could not be measured by the extent of the devaluation of the dollar, since gold was no longer available, but only by reference to changes in the internal economy of the country since the date of the breach of contract. Payment in gold would not recoup the plaintiff's loss, but would enrich him unjustifiably. This interpretation seemed to bar effective action to recover damages from the Government, but the Administration thought it wise to promote a Bill to prevent suits against the Government on the plea of the gold clause; the Bill, signed on the 27th August, 1935, gave six months' further grace during which suits might be brought.

After the decision of the Supreme Court in the *Schechter* case, it was widely expected that the Agricultural Adjustment Act would likewise be declared unconstitutional. Several decisions in cases relating to the processing taxes, which were an integral feature of the Act, were decided in lower courts against the Government in the course of 1935; but it was not until the 6th January, 1936, that the Supreme Court delivered judgment on the A.A.A. Both the Act itself, and the amending Act that had been passed in an attempt to rectify provisions in the original Act that might have been held unconstitutional, were condemned by the Court in sweeping terms. The Agricultural Adjustment Act was declared to be an invasion of States' rights and beyond the Federal power under the general welfare clause of the Constitution, which had been pleaded by the Government; the clause could be invoked only in support of acts for the national and not the local welfare. If the subsidies to farmers were held valid, declared the majority opinion, it would be possible for Congress 'to regulate industry in its most meticulous forms'. This blow to the New Deal was far more serious in practice than the destruction of the N.R.A.; for the A.A.A. was in full operation and had become, with other measures of a similar kind like the Bankhead Cotton Act, a crucial part of the economy of American agriculture. A billion dollars had been paid to farmers during the life of the Act, as an inducement to reduce their acreage under various crops, and had been provided by processing taxes¹ which had now been declared illegal and which might perhaps prove to be recoverable from the Treasury. The best that the Administration could do, within the Constitution, to replace this aid to farmers was to offer subsidies for the growing of grasses and other crops that might help towards conserving the soil; they could no longer recoup themselves from

¹ That is, duties on a process of manufacture or treatment to which the agricultural product was subjected.

processing taxes, and were forced to lay this extra burden on the general budget. Partly as a result of the A.A.A., but probably more by reason of the natural conditions that produced smaller crops, the prices of farm products had risen on the average by 20 per cent. between 1934 and 1935, after a 27 per cent. rise in the previous year; with the payments under the A.A.A. and other Acts, the income of the agricultural community was probably higher in 1935 than in any year since 1929.

In a budget message to Congress, delivered almost at the very hour when the Supreme Court was ruling the processing taxes illegal, the President estimated the yield of these taxes in 1936-7 at \$547,000,000. Thus, unless extra taxation were imposed to replace them, the estimated deficit of \$1,098,000,000 for that year would be increased by 50 per cent. The revised estimates for 1935-6 showed revenue at \$4,411,000,000 and expenditure at \$7,645,000,000, but this huge deficit was \$1,294,000,000 less than had been originally contemplated. The actual deficit in 1934-5 had been \$3,575,000,000.

The destruction of the A.A.A., and the announcement of these figures, fanned the half-extinguished fears that inflation and its fellow, currency devaluation, were in prospect. When, on the 10th January, 1936, the President issued a proclamation prolonging for one year his powers under the Gold Reserve Act of 1934 to reduce the gold parity of the dollar to 50 per cent., from its existing position of a little under 60 per cent., the fears flamed into positive expectation. The presidential proclamation declared that the emergency existing in January 1934, when the Gold Reserve Act was signed, had not been terminated by international monetary agreement or otherwise, but, on the contrary, continued and had been intensified in divers respects by unsettled conditions in international commerce and finance and in foreign exchange. A sufficient explanation of Mr. Roosevelt's decision could indeed be found in the fact that to have abandoned the right to devalue the dollar further would have been in effect to restore it to the gold standard, at a time when other important currencies like the pound sterling were still unstabilized, and would therefore have gravely weakened the negotiating strength of the United States in any later discussions of all-round stabilization. To have allowed his powers to expire would have been a more remarkable gesture than to have retained them. This, however, was not the interpretation favoured by nervous holders of dollar funds, and their apprehensions were magnified by the simultaneous passage of the Veterans' Bonus Bill through the House of Representatives by a large majority. The Bill, without specifying where the money

was to come from, authorized the payment of the bonus immediately and in cash. The President vetoed the Bill, but on the 25th January his veto was overridden by the House by a majority of 324 to 61.

The prospect of immediate payments of some two billion dollars to veterans was scarcely reassuring to those who feared the inflation of the currency. On the 3rd February the dollar dropped to its lowest point since August 1934, and in Paris it fell to a level at which the export of gold to France became profitable. Some eastward shipments of gold across the Atlantic actually took place. This was all the more remarkable considering that, before the rumours of impending devaluation got under way, the dollar had been at gold import point against the franc. The movement, however, could hardly be considered a buttress for the franc, since any fall of the dollar would still further weaken the bases of the European gold currencies; hence the franc simultaneously fell against the pound. As on previous occasions, the authorities of the Exchange Equalization Account intervened to arrest the decline, with the result that the three currencies were for the time being pegged to each other.

This section has been headed 'Interlude in the United States'. It was President Roosevelt himself who offered, in the autumn of 1935, a 'breathing-space' for American industry, and the phrase was just. The years 1933 and 1934 had seen the great effort of the New Deal—the devaluation of the dollar, the creation of the N.R.A. and the A.A.A., the vast expenditures on work relief. Then, the reconstruction and revival of the American economy were being carried on in an era of swift and hazardous experiment in political economy. In 1935 and early 1936 only the passage of the Veterans' Bonus Bill—against the wishes of the Administration—marked the continuance of the experimental era in legislation. Under the pressure of constitutional judgments, of financial exigency, or of political foresight, some of the old experiments were being abandoned, and others had lost their purpose as the foundations of economic recovery became firmer. The year was indeed an interlude of adjustment. What was to come next? The inflationism latent in the Bonus Bill, or the caution manifested in the President's veto? The presidential campaign of 1936 and its results seemed likely to give the answer.

(c) SILVER IN 1935

The possibility of further devaluation against gold was not the most striking development of 1935 in the American monetary field. As a direct result of the Silver Purchase Act of June 1934 China was

forced off the international silver standard in the October of that year, when she imposed a penal export tax on silver.¹ In 1935, as a result of developments of American policy, there ensued a series of crises in world silver markets, and China announced her intention to re-establish her currency on a different basis. On the 10th April the United States Treasury's buying price for newly mined silver was raised from $64\frac{1}{2}$ cents to 71 cents per ounce, by the reduction of the seigniorage tax from 50 to 45 per cent. of the legal monetary value of the metal, namely \$1.29 cents an ounce. Senator Pittman, commenting on the Treasury's decision, predicted that the price of silver would soon rise to this fictitious level and be stabilized there, and that the general remonetization of silver would follow. Although there was no guarantee of American purchases of foreign silver at a higher price, the immediate reaction in the London market was a rise in the price of silver from $28\frac{1}{16}d.$ to $31\frac{5}{16}d.$ an ounce. By the 25th April the price was $32\frac{1}{16}d.$ an ounce. On that day the American buying price was raised again to 77.57 cents an ounce, by the reduction of the seigniorage tax to 40 per cent., and the Secretary of the Treasury declared that the Treasury would continue to purchase newly mined silver until the price reached \$1.29 cents an ounce, or until the national stocks of silver reached the statutory ratio of 25 per cent. of the metallic reserves against currency. Since there appeared to be no prospect of the ratio being attained by the acquisition of American silver alone, world silver markets instantly burst into a speculative boom that drove prices above parity with the United States buying price. The Secretary of the Treasury, Mr. Morgenthau, indicated that the Treasury's policy for the time being was to watch the course of world silver prices 'as an interested spectator'.

Their interest must have been stimulated by the decision of the Mexican Government, on the 27th April, to call in all silver money from circulation; the rise in the price of the metal threatened to make the bullion value of the peso greater than its face value, and therefore to render profitable the melting down of coins. All owners of silver coins were ordered to hand them over to the Bank of Mexico within thirty days, in exchange for inconvertible paper currency. The silver called in was to be added to the Bank's reserves and used as backing for the new paper. It was rumoured that the Mexican Government were contemplating the stabilization of the peso against the dollar at 3.50 pesos to the dollar. Similar apprehensions were beginning to be felt in India, the metallic value of whose coinage would equal its monetary value if the price of silver rose to $48.7d.$

¹ See the *Survey for 1934*, pp. 17-20.

per ounce.¹ At or above that point a large-scale tendering of notes for conversion into silver might be expected, an eventuality for which the Reserve Bank was ill prepared, since its holding of rupee coin was less than one-third of the note circulation. Meanwhile, in spite of the ban on exports of silver, the exchange value of the Chinese currency was being enhanced by the rise in silver prices, and the economic difficulties of China were in that measure being intensified. Between the autumn of 1934, when China abandoned the international silver standard, and the end of April, when speculation drove prices in New York up to 81 cents an ounce, the Chinese dollar had appreciated by 24 per cent. The world price of silver, however, had meanwhile risen by 66 per cent., and the whole of this appreciation was passed on to the Hongkong dollar, with consequent injury to the economy of the colony. On the 10th June the Government of Hongkong ordered that after the 15th June no person should export from the colony to any country other than China any Chinese silver coin or any silver bullion, other than silver bars produced in refineries outside Hongkong and China, except by special licence. It was at this juncture that the British Government in the United Kingdom announced their intention of sending their Chief Economic Adviser, Sir Frederick Leith-Ross, to the Far East in order to investigate and report upon the economic situation in China.²

These developments naturally caused much unsettlement in world silver markets. After the boom in April prices sank steadily, because there was no economic foundation for their higher level except the expectations raised by American policy, and the American Treasury gave no signs of buying silver on a large scale outside the United States. By the beginning of July the price in London was down to 31*d.* an ounce, from a peak of over 36*d.* On the 8th July a crisis developed, as a result of heavy sales from Eastern markets, where speculators were apparently in a weak position and anxious to close their commitments. In order to prevent a collapse of prices the American Treasury intervened with offers to purchase unsold silver on offer at the end of the day at the market price, and in the space of three days the Treasury bought between 20,000,000 and 30,000,000 ounces, at a cost exceeding £4,000,000. In three weeks they bought 60,000,000 ounces in London. Prices recovered for a while, and for over three weeks remained steady at about 30 $\frac{3}{16}$ *d.* an ounce, the

¹ The silver rupee weighed three-eighths of an ounce and contained 165 grains of fine silver, while its external value was pegged at 1*s.* 6*d.* sterling.

² See p. 322, above.

figure at which American purchases were being made. Then in the middle of August the American buying price was lowered to 29¢, a move that caused panic among speculators and forced the United States Treasury to buy over 25,000,000 ounces in a single day.

The Chinese dollar depreciated with the fall in the price of silver, but the depreciation was inadequate to afford any economic relief, and the premium on silver widened with increasing doubts about the future of the Chinese currency.¹ On the 3rd November the Nanking Government announced a sweeping series of monetary reforms, establishing in effect an inconvertible paper currency in China. The bank-notes issued by the three Government Banks—the Central Bank of China, the Bank of China and the Bank of Communications—were to be full legal tender, and their note reserves were to be placed under unified control, together with the note reserves of all other issuing banks. The notes of these other banks would continue in circulation but would be gradually withdrawn and replaced by notes of the Central Bank of China, which was to be reorganized as a central reserve bank. All debts expressed in terms of silver would be dischargeable by payment of legal tender notes of the nominal amount due. The use of silver dollars or bullion for currency purposes was prohibited, and all holders of silver were required to exchange it for notes. A Currency Reserve Board was to be formed to control the issue and retirement of the legal tender bank-notes, and to keep custody of the reserves. Shares of the Central Bank would be owned principally by the banks and the general public, and it would thus form an independent institution charged with maintaining the stability of the currency. It would hold the reserves of the banking system and act as a depository of all public funds. It would provide rediscount facilities for other banks, but would not undertake general commercial business. After two years it would enjoy the sole right of note-issue. The exchange value of the Chinese dollar would be kept stable at the existing level, and for this purpose the Government banks would be authorized to buy and sell foreign exchange in unlimited quantities.

The announcement continued:

Measures which have been prepared for strengthening the commercial banking system, giving increased liquidity under sound conditions to the commercial banks, include the creation of a special institution to deal exclusively with mortgage business. Plans have been completed whereby the national budget will be balanced within eighteen months.

¹ In February 1935 the theoretical disparity between the price of silver and the exchange value of the Shanghai dollar was 12·8 per cent.; in October it was over 29 per cent.

The Government is determined to avoid inflation and will take energetic measures to deal with speculation and attempts to bring about unwarranted increases in prices.¹

On the 4th November the exchange stabilization committee set up by the Chinese Government announced that the official rate for sterling would be fixed at 1s. 2½*d.*; and, following this decision, the export duty on bar silver was raised to 65 per cent. It was pointed out in London—where, on the whole, the scheme was well received—that, on the basis of the theoretical parity with silver, this implied a devaluation of the Chinese currency by 40 per cent., and that the sterling exchange rate was the lowest, save for a brief spell in 1933, that had ruled since the period of heavy depreciation began in 1929. In that year, on the basis of the Shanghai-London rate, the Chinese money had been worth exactly twice the sterling price at which it had now been fixed. The conclusion was drawn that the tael was certainly not over-valued, and might prove to be under-valued, at its new level. It had to be borne in mind, however, that other currencies of great importance to China, notably the Japanese yen and also the Australian and New Zealand pounds, had meanwhile depreciated considerably against sterling and the American dollar.

On the 6th November the virtually independent Government at Canton endorsed the Nanking Government's plans for currency reform, and ordered them to be brought into force within their jurisdiction. The Hongkong dollar also followed the Chinese dollar in this reorganization. On the 9th November an embargo was placed on the export of silver coin and bullion from the colony, and on the 5th December it was announced that all silver stocks would be taken over by the Colonial Treasury, and that an exchange fund would be set up to regulate the external value of the currency. Up to the date of the export embargo Hongkong had exported about 118,000,000 ounces of silver.

The divorce of China from the silver standard, thus completed, was the most important result of the American policy instituted under the Silver Purchase Act of 1934. But the United States authorities did not rest from their disturbance of world markets for silver, nor indeed could they, for they were fettered upon a treadmill of artificial manipulation, every turn of which inevitably made its repercussions felt throughout the world. If they bought silver on world markets, or if they raised their internal buying price, there was an immediate

¹ The connexion of the monetary reforms with Sir Frederick Leith-Ross's visit, and the reactions on Japanese opinion, are dealt with in the chapter on the Far East, pp. 322-4, above.

speculative reaction ; if they refused to buy, the world price structure for silver, having no firm economic foundation, creaked ominously, and its frailty exposed the hollowness of the internal buying policy itself. The American Treasury was like a lad blowing up a balloon. Every puff meant that a stronger puff was needed next time ; if he continued blowing, the balloon might burst in his face ; if he stopped blowing the pressure of the air already inflated would drive a draught down his own gullet ; if he removed the whole thing from his mouth he would lose his pretty balloon. The process of tying a knot round the mouth of the balloon, by fixing the price of silver once and for all, and offering to buy world silver at that price, was ruled out by the need for placating the 'silver Senators' and other agitators by doing service to the objective of raising the price to \$1.29 cents an ounce.

The speculative volatility of world silver markets was enhanced by the apparently deliberate mystery in which the American policy was shrouded. On the 9th December the American authorities suddenly withdrew their support from the London market, and only after frantic communications were they induced to buy a quantity of silver in the late afternoon, at a price $\frac{7}{16}d.$ an ounce lower than had been ruling previously. On the following day no support at all was forthcoming, and dealers, faced with selling orders for 20,000,000 ounces of silver and no buyers, were forced to abandon the attempt to fix a price. From the 9th December to the end of the year no quotation for forward silver could be made in the London market. On the 12th and 13th December the American Treasury made small purchases, the price on the latter day being $26\frac{7}{8}d.$ an ounce, and the Secretary of the Treasury made it known that they had been buying silver in various markets, instead of only in London as hitherto. The London dealers could now make only a pretence of opening a free market for silver. A price was fixed each day, but sellers were rationed according to the quantity that the American Treasury was willing to buy, and on one day no dealings at all could be effected. On the 24th December the price fell to $20\frac{3}{4}d.$ an ounce, the lowest quotation of the year, and little more than a penny above the price in June 1934, when the Silver Purchase Act became law. It was revealed that stocks of silver in Bombay had been reduced by about 20,000,000 ounces as a result of American buying, and that large sales had been made from the Chinese Central Bank direct to the United States, 'in order to provide additional reserves for exchange stabilization'. The United States Government had also acquired the whole of Mexico's output of newly mined silver during 1935.

Restocking by Eastern markets, and the withdrawal of selling orders, helped to relieve the pressure on London, and by the end of the year the price had risen to 22½*d.* an ounce. Later it fell again, and in spite of intermittent speculative bull movements it remained near 20*d.* an ounce during most of the first half of 1936.

On the 26th December, 1935, some light was thrown on the profundities of American policy by a spokesman of the Treasury. The Administration, he indicated, might resume its efforts to raise the world price of silver when once China had solved her most pressing problems. Meanwhile it was desired to check the smuggling of silver out of China via Japan, and to give her a breathing-spell in which to carry out her silver-nationalization policy. The United States Treasury, it was hinted, would then seek to negotiate an agreement with China, defining the future position of silver in her economic organization. Mexico and other countries having substantial silver supplies would also be encouraged to adopt monetary reserves partly of gold and partly of silver. The United States would be prepared to supply these countries with gold in exchange for silver to an extent sufficient to put into practice any scheme that might be negotiated. On the 7th January, 1936, Mr. Morgenthau, after conferring in Washington with the Secretary of the Mexican Treasury, announced that their conversations had resulted in a 'mutually satisfactory agreement'. On the 13th February he made it known that the United States had bought 50,000,000 ounces of silver from China in the previous November, paying the then prevailing price of 65 cents an ounce. The Chinese Government had kept the proceeds of the sale in New York, and had recently asked for the conversion of \$10,000,000 into gold. He was perfectly willing that the remainder should be exchanged into gold. The Treasury had bought, in all, 69,000,000 ounces of silver from China.

At the time of this announcement the silver stocks of the United States Treasury totalled 21·8 per cent. of the gold reserves, to which ratio they had been raised from 12 per cent. when the silver-purchase programme began. In order to raise the ratio to one-third, the express objective of American policy, an additional 908,000,000 ounces would have to be acquired, unless the amount of the gold reserves should alter. The gold reserves themselves, however, increased by no less than 1,887,000,000 dollars in the course of 1935, and there were as yet no signs that this trend was likely to be reversed; it was thus apparent that even the exchange of gold for silver on a scale commensurate with the needs of China and Mexico and other countries would not soon bring the American Treasury within sight of its goal.

The total of disposable silver in 1935 was little over 600,000,000 ounces, of which no less than two-thirds came from sources other than new production.

In the course of May 1936 there were persistent rumours that an agreement was imminent between China and the United States for the stabilization of the Chinese currency, either on a new silver standard or in connexion with the United States dollar, and for the acceptance by China of a large dollar loan. It was, no doubt, partly in order to dispel these rumours that the Chinese Minister of Finance announced, on the 17th May, 1936, that the currency was not to be linked with any foreign monetary unit. The reserves to be held against the note-issue would consist of gold, foreign exchange and silver. The silver portion was to amount in value to at least 25 per cent. of the note-circulation; at present, however, the gold and foreign-exchange portion was to be increased.¹ New silver coins, of reduced metallic content, were to be issued in denominations of 50 cents and one dollar, as supplementary token currency. The Finance Minister laid stress on the fact that since the reforms of the 3rd November the value of the Chinese currency had been divorced from the price of silver in world markets. Indeed, while the price of silver had fallen from about 29*d.* an ounce to about 20*d.* the paper tael had stayed near the 'pegged' level of 1*s.* 2½*d.*, or 29.5 U.S. cents. On the 15th January the Central Political Council had approved the plan of the Ministry of Finance for the reorganization of the Central Bank of China, as eventually the sole bank of issue; the private holding of the bank's capital would be increased from 40 to 60 per cent.—and, if necessary, to a still higher proportion—in order to render the control of the country's currency more independent of the Government. Interest rates had been reduced, and the success of the scheme of reform in exchanging notes for silver currency and in relieving the acute monetary stringency that had preceded it was illustrated by the expansion of the note-circulation from 302,500,000 dollars at the beginning of November 1935 to 522,000,000 dollars at the end of January 1936.

In his report to the annual meeting of the Bank of China in April 1936 the Chairman, Mr. T. V. Soong, said that the remarkable steadiness of the exchange had stimulated China's exports and discouraged imports, with the result that since December, for the first

¹ On the 18th May the Secretary of the Treasury, Mr. Morgenthau, announced that the United States Government had agreed to buy immediately large but unspecified amounts of silver from China, in exchange for gold dollar credits.

time in sixty years, the trade balance, as shown by the Customs figures, had been favourable. There had been a gradual recovery of confidence, easier money conditions and a perceptible revival of business activity. At the outset the Government had not fixed the exchange value of the Chinese dollar in terms of any one particular foreign currency, though it was realized that in the long run such a device might prove unavoidable. The relative stability of the principal foreign currencies had so far made that question one largely of theoretical importance.

(d) CONCLUSION

Recovery in spite of instability was the *mot d'ordre* of world economic history in 1935. The phenomenon that so vividly marked 1934—revival among the countries whose currency policies had rid them of the grinding necessity to economize and deflate in defence of monetary reserves, while their fellows who chose the path of deflation were still in the grip of intensified depression—was scarcely less obvious in the following year. But the distribution of recovery was different. Certain of the reviving national economies lost part of their upward momentum: the pace of recovery in Great Britain, for instance, was retarded, and the same was true of the Scandinavian bloc as a whole. Again, certain primary producing countries like Brazil or Australia found themselves in fresh difficulties because their earlier improvement, preceding a general expansion of world commerce, had put a strain upon their external balances of trade.¹ In the United States, on the other hand, the tentative and unstable recovery of 1933–4 became more firmly grounded in 1935. Among the countries still on the gold standard at the old parities, while there was no relief from the strain of budgetary difficulties and currency overvaluation, and while frequent crises menaced their monetary policy, further deterioration was, on the whole, arrested by ever stricter efforts at deflation, combined with occasional injections of reflationary policy. In France both the wholesale and retail price indices moved upwards, the former in greater proportion than the latter, and business generally became more profitable. In Germany and Italy, the two chief exponents of the policy of maintaining an artificial parity by rigid official control of exchange transactions, national economies were dominated by expenditure on armaments and war. Currency

¹ Between 1933–4 and 1934–5 Australia's imports rose by £A15,933,000, while her exports (thanks to the poor prices obtained for wool) fell by £A11,292,000. Between 1934 and 1935 Brazil's imports rose by 1,353 contos of reis, whereas her exports rose by only 644 contos.

and credit were thus inflated; the most cunning devices for raising money in the service of these causes—a field in which fiscal and financial ingenuity was at its keenest—could not disguise the fundamental necessity for drawing the necessary resources from the people, either by taxes or by the inflation of means of payment. Hence the price-levels of those countries inevitably rose, and this enhanced their difficulties in external trade, already severe enough by reason of the heavy import requirements of the armament industries. The standard of life was thus doubly lowered, both through the general rise of prices and through the cumulative obstacles in the way of buying from abroad. Among the smaller ‘barricaded’ countries, such as Hungary, Yugoslavia or Bulgaria, there was a general tendency towards internal recovery, and some improvement in foreign trade. In general, 1935 was clearly a year of world recovery, with contrasts less striking between country and country than in the previous year.

Nevertheless, as 1936 opened there were glaring signs of instability that continued to threaten the very foundations of recovery. The improvement of prices of primary products, which was widely regarded as the clearest symptom of revival, was ascribable partly to exceptional armament orders, partly to droughts and other adverse weather conditions, partly to artificial and inherently hazardous schemes of restriction of supply. Only in a comparatively small degree was it due to trustworthy expansion of demand through natural trade recovery. Another element of instability was the dependence of certain national economies—notably that of the United States—upon emergency governmental expenditures, other than those on armaments, which could not indefinitely continue unbalanced by equivalent revenue. But the greatest and most obvious element of instability in the world economic structure of 1935 was the instability of currencies. This term had two distinct significations—either the want of fixed ratios of exchange between the principal currencies of the world, or the want of security suffered by many of the currencies that still adhered to a free metallic standard. Of these two forms of instability, although the first entered more frequently into the discussions of economists and statesmen, the second probably formed the larger menace to world recovery and the heavier drag upon its advance. Of course, the two kinds of instability could not be formally separated, since the possibility of collapse in the remnant of the gold-standard system was the chief menace to constancy in international exchanges among the principal trading nations. It was likewise the greatest obstacle to international agreement upon all-round stabilization.

APPENDIX

CHRONOLOGY OF EVENTS, 1935¹

N.B. The following abbreviations are used in the references to the published texts of treaties and other documents: *D.I.A.* = *Documents on International Affairs*; *L.N.M.S.* = *League of Nations Monthly Summary*; *L.N.O.J.* = *League of Nations Official Journal*; *L.N.T.S.* = *League of Nations Treaty Series*; *N.Y.T.* = *New York Times*; *T.I.* = *Treaty Information* (U.S.A.).

Abyssinia. See chronology in vol. ii.

Afghanistan

1935, Sept. 1. Ratifications exchanged with 'Irāq of friendship treaty of Sept. 11, 1932 (*L.N.T.S.* 155).

Albania

1935, Jan. 14 and 18. League Council discussed whether abolition of private schools in Albania, including the schools of the Greek minority, was in conformity with the declaration of Oct. 2, 1921, regarding the protection of minorities. The question was referred to the Permanent Court of International Justice which gave an advisory opinion on April 6 to the effect that the Albanian Government's action was not in conformity with the declaration (*P.C.I.J.*, Series A/B, No. 64). May 23, League Council reconsidered question. Aug. 30, Albanian Government informed League Council of their new regulations for minority schools. Sept. 23, League Council decided that, subject to certain amendments, these regulations were satisfactory except as regards the Catholic schools.

See also under *Permanent Court of International Justice*, Jan. 14.

Argentina. See under *Bolivia*, Jan. 14–16, April 7, May 11; *Permanent Court of International Justice*, Jan. 14.

Australia

1935, May 24. Joint Committee of House of Lords and House of Commons decided that the petition of Western Australia for a Bill to enable the state to withdraw from the Commonwealth was not proper to be received.

Austria

1935, June 25. Full transfers resumed of payments on foreign long-term loans.

July 4. Federal Diet passed law repealing banishment of Hapsburgs and restoring part of their confiscated property.

¹ In this chronology only a few treaties of political importance are included. For a full list of bilateral and multilateral treaties and conventions signed or ratified during the year 1935, see the supplementary volume, *Documents on International Affairs*, 1935, vol. i.

Austria: cont.

Oct. 17. Reconstruction of Schuschnigg-Starhemberg Government. The Heimwehr gained one seat, and Major Fey was replaced by Herr Baar-Baarenfels as Minister of the Interior. Nov. 19, Prince Starhemberg succeeded Major Fey as leader of Vienna Heimwehr.

See also under *Security*, Jan. 4-8, April 15, May 4-6.

Balkan Entente. See under *Security*, Jan. 20, April 15.

Belgium

1935, March 17. MM. Theunis and Hymans visited Paris to discuss financial situation. Decree laws issued regarding currency and foreign exchange. March 19, M. Theunis's Government resigned. March 25, M. van Zeeland took office as Premier and Minister for Foreign Affairs. March 30, Devaluation Bill passed. March 31, belga devalued by 28 per cent.

June 12. Diplomatic relations established with U.S.S.R.

Aug. 14. Arbitration, conciliation and judicial settlement treaty signed with Venezuela.

See also under *Security*, Feb. 1-3, May 25, June 25.

Bolivia

1935, Jan.-March. Paraguayans continued to attack positions held by Bolivians in North Chaco and succeeded in advancing towards Villa Montes.

Jan. 14-16. Meeting of League Advisory Committee. It was decided that Paraguay, in contrast to Bolivia, had not accepted the recommendations of the Assembly's report of Nov. 24, 1934. The Committee recommended that the arms embargo should be raised as regards Bolivia and made more effective as regards Paraguay. Feb. 23, Paraguay gave notice of withdrawal from the League of Nations. March 11-15, Advisory Committee discussed arms embargo and possibility of imposing sanctions. Argentinian and Chilean representatives stated that their Governments had already approached both disputants with proposals based on the report of Nov. 1934. It was decided that the Assembly should be convened on May 20, and that meanwhile Argentina and Chile should continue negotiations with the co-operation of Brazil and Peru. March 20, Brazil informed League of Nations that she had not agreed to co-operate.

April 6-30. Paraguayan forces crossed the Parapiti River into Bolivia and occupied the town of Charagua on April 16, but were driven back towards the Chaco by a Bolivian counter-attack within the next few days.

April 7. The U.S. Government accepted in general terms the invitation from Argentina and Chile for their co-operation in peace negotiations. April 13, Argentinian and Chilean representatives made enquiries at Asuncion and La Paz with regard to the League's recommendations of Nov. 24, 1934. April 29, collective note to Brazil from Argentina, Chile, Peru and U.S.A. requesting her co-operation. April 30, representations made by British, French

Bolivia: cont.

- and Italian Ambassadors. May 2, Brazil agreed to take part in negotiations.
- May 6. It was stated that Bolivian troops were still advancing and that Foreign Ministers of Bolivia and Paraguay would open peace negotiations in Buenos Aires within the next fortnight.
- May 11. New commission of mediators constituted at Buenos Aires consisting of Argentina, Brazil, Chile, Peru, U.S.A. and Uruguay.
- May 16. Paraguayan troops were driven out of their last positions in Bolivia.
- May 16-17. Meeting of Advisory Committee. May 20-1, special session of Assembly gave its approval to the work of the mediating states and instructed the Advisory Committee to follow the situation (*L.N.M.S.*, May 1935).
- May 27. Negotiations opened in Buenos Aires. June 12, protocols signed, under the auspices of the mediation commission, with regard to the cessation of hostilities and the convening of a peace conference (*T.I.*, June 1935).
- June 14. Hostilities ceased in the Chaco.
- June 22. President of Advisory Committee recommended to League Secretary-General that the discriminatory arms embargo against Paraguay should be suspended.
- July 1. Peace Conference opened in Buenos Aires. Aug. 16, the Conference decided to hold no more plenary sessions until more progress had been made in committee. One of the chief causes of deadlock was the question of repatriating prisoners.
- Sept. 17 and 21. Sixth Committee of League Assembly discussed report of Advisory Committee and decided to maintain that Committee in being.
- Oct. 4. It was made known that both Bolivia and Paraguay had agreed to the appointment of an international commission on responsibilities and reparations. Oct. 15, the neutral Powers proposed a draft treaty dividing the Chaco which was not acceptable to either disputant. Oct. 28, the Conference declared the war to be at an end, both sides having demobilized their armies and fulfilled their undertakings to prevent aggression.

Brazil

- 1935, Jan. 14. Ratifications exchanged with Liberia of judicial settlement treaty of July 15, 1925.
- See also under *Bolivia*, Jan. 14-16, April 7, May 11.

Bulgaria

- 1935, Jan. 22. The Government set up by Colonel Georgiev and the 'Zveno' group in May 1934 was replaced by a Royalist Government with General Zlatev as Prime Minister. April 18, General Zlatev's Government resigned. April 21, M. Tošev formed a Government.
- June 21. Ratifications exchanged with Spain of arbitration, conciliation and judicial settlement treaty of June 26, 1931.
- Oct. 2. Martial law proclaimed in consequence of alleged conspiracy to

Bulgaria: cont.

overthrow the King and Government. Arrest of many Agrarians, Socialists, Communists, Macedonians, and members of the 'Zveno' group including Colonel Velčev and Colonel Georgiev.

Nov. 23. M. Tošev's Government was replaced by a Government formed by M. Kiosseivanov.

See also under *Germany*, May 24–June 9; *Security*, April 15.

Canada

1935, Oct. 14. Liberal Party gained majority in Federal general election.

Oct. 23, Mr. Bennett's Conservative Government was succeeded by a Liberal Government under Mr. Mackenzie King.

China

1935, Jan. 18. Japanese and Manchukuoan troops advanced on Chinese irregular forces in the demilitarized zone on the border between Chahar and Jehol. Jan. 22–3, renewed attacks by Japanese.

Jan. 29. Conversations began between General Chiang Kai-shek and Mr. Wang Ching-wei and Japanese military and diplomatic representatives at Nanking.

Feb. 20. Speech by Mr. Wang Ching-wei at Central Political Council in favour of co-operation with Japan.

Feb. 27. Japanese Foreign Office spokesman denied that Japan was anxious to persuade China to withdraw from the League of Nations to an Asiatic bloc.

March 6. Japanese Foreign Office stated that they considered an international loan to China to be unnecessary, though they would not object to consultations with foreign Governments with regard to financial reforms.

May 13. It was announced that Japanese Legation at Nanking would be raised to rank of Embassy.

May 21. Japanese troops reported to have begun operations against irregular forces south of the Great Wall. May 30, Japanese military authorities laid demands before Chinese Administration at Peiping regarding suppression of anti-Japanese activities. June 6, four Japanese arrested at Changpei in Chahar Province. June 9, new demands presented by Japan, including abolition of Peiping Political Council, Kuomintang branches in Hopei and Blue Shirt organization, and withdrawal of Nanking Government's forces from Peiping and Tientsin areas. June 10, Nanking Government accepted demands. June 11–12, Chahar troops reported to have fired on Manchukuo officials. June 18, Nanking Government agreed to dismiss General Sung Chen-yuan, Governor of Chahar, and to withdraw his forces.

Sept. 26. General Tada, commander of Japanese forces in North China, told Japanese newspaper correspondents that North China must be politically and economically independent of Nanking.

Sept. 28. Japanese warships stated to have been sent to Swatow in South China, because the Chinese authorities had confiscated rice alleged to have been imported without paying taxes. The warships were withdrawn a month later, a compromise having been reached.

China: cont.

- Oct. 29. New Japanese demands presented to Chinese authorities in Peiping, Tientsin and Hopei Province.
- Sept. 6. Sir F. Leith-Ross, Chief Economic Adviser to the British Government, arrived in Yokohama while travelling to China on an advisory financial mission. He reached Nanking on Sept. 22 and remained in China until after the end of the year.
- Nov. 4. Coming into force of Nanking Government's laws on banking reform, the nationalization of silver and the establishment of a paper currency.
- Nov. 15. Mr. Yin Ju-keng, commissioner for the demilitarized zone, issued circular telegram asking Nanking Government to grant autonomy to North China. Nov. 19, Japanese military authorities reported to have demanded that Chinese authorities at Peiping should accept autonomy programme under threat of a military occupation. Nanking Government instructed Peiping authorities to break off negotiations and received assurances from Japanese Ambassador that military would not take action. Nov. 20, conversations began between General Chiang Kai-shek and the Japanese Ambassador. Nov. 25, Mr. Yin Ju-keng inaugurated the East Hopei Anti-Communist Autonomous Council, which also had control over part of Chahar.
- Dec. 1. Resignation of Mr. Wang Ching-wei, who was succeeded by General Chiang Kai-shek as President of the Executive Yuan.
- Dec. 2. Representations made by Chinese diplomatic representatives in London and Paris regarding alleged violation of Nine-Power Treaty by Japan. Dec. 4, Japanese Foreign Office spokesman declared that events in North China did not affect treaty. Dec. 6, further criticism of treaty by Mr. Amau.
- Dec. 5. Comments on the situation by Sir Samuel Hoare in the House of Commons and by the U.S. Secretary of State.
- Dec. 8. Agreement stated to have been reached in Peiping as to the formation of an Autonomous Political Council for Hopei and Chahar, which was formally inaugurated on Dec. 18.
- Dec. 11. General Chang Chun appointed to succeed Mr. Wang Ching-wei as Minister for Foreign Affairs.

Colombia

- 1935, Sept. 27. Ratifications exchanged with Peru of protocol of May 24, 1934, regarding Leticia dispute (*T.I.*, June 1934).

Cuba

- 1935, March. Outbreak of strikes and other disorders. March 9, street fighting in Havana. June 1, constitution of 1901 restored with some amendments. Dec. 10, resignation of President Mendieta; Señor Barnet appointed to act as Provisional President until after elections.

Czechoslovakia

- 1935, May 16. Signature of Czechoslovak-Soviet agreement—see under *Security*.

Czechoslovakia: cont.

May 19. Elections for Chamber of Deputies. The Agrarians, Czech National Socialists and Social Democrats suffered slight losses and Herr Henlein's Sûdetendeutsche Partei won 44 seats.

May 28. M. Malypetr resigned and formed a new Coalition Government on June 3.

Nov. 5. Dr. Hodza, a Slovak and leader of the Agrarian Party, succeeded M. Malypetr as Premier.

Dec. 14. Resignation of President Masaryk. Dec. 18, Dr. Beneš elected to succeed him.

See also under *League of Nations*, Sept. 9; *Security*, Jan. 11, March 25-6, April 15, May 16, June 8-17.

Danzig

1935, Jan. 18. League Council discussed alleged infringements of constitution arising out of National-Socialist régime.

April 7. Elections for Landtag. Nazis won 43 seats out of 72, thus failing to secure two-thirds majority which would entitle them to revise constitution.

May 2. Devaluation of gulden by 42.37 per cent. to parity with Polish zloty.

May 2. League Council adopted a report on relations between the High Commissioner and the Government and Opposition parties. Various petitions were referred to a committee of jurists which decided that the Nazi Government had, in some cases, infringed the constitution.

June 4-6. Banks closed owing to financial crisis. June 11, exchange restrictions promulgated. June 24, banking restrictions removed.

July 18. Polish regulations issued under which Danzig customs authorities were no longer authorized to clear goods for Poland. Aug. 1, Senate instructed customs authorities to admit certain classes of goods from Germany free of duty. Aug. 9, agreement initialled by which both sides withdrew their respective measures, and it was arranged that duties were in future to be paid in Polish zloty. Oct. 11, protocol signed regarding currency restrictions.

Sept. 23. League Council decided to ask the Permanent Court of International Justice for an advisory opinion concerning two decrees amending the Penal Code. Dec. 6, the Court decided that these decrees were not in accordance with the constitution (*P.C.I.J.*, Series A/B, No. 65).

Denmark

1935, March 6. Ratifications exchanged with Iran of friendship and commerce treaty of Feb. 20, 1934 (*L.N.T.S.* 158).

Disarmament. See under *Security*.

Dominican Republic.

1935, Feb. 27. Agreement signed with Haiti regarding frontier treaty of Jan. 21, 1929.

See also under *Manchuria*, March 3.

Ecuador. See under *League of Nations*, Sept. 9.

Egypt

1935, March 10. Ratifications exchanged with Switzerland of friendship treaty of June 7, 1934 (*L.N.T.S.* 159).

April 22. Resignation of Muḥammad Zakī Pasha Al-Ibrāshī, Controller of the Royal Estates.

Nov. 9. Sir Samuel Hoare referred to Anglo-Egyptian relations during his speech at the Lord Mayor's Banquet and mentioned that the British Government had advised against the re-enactment of the constitutions of 1923 and 1930. Nov. 12, Wafd Party decided to withdraw its support from Nasīm Pasha's Government. Nov. 13-14, anti-British rioting by students in Cairo and elsewhere. Dec. 5, statement by Sir Samuel Hoare in House of Commons. Dec. 7-9, more riots in Cairo. Dec. 10, all political parties agreed to submit a joint petition to the King for the restoration of the 1923 constitution and to present a note to Sir Miles Lampson informing him of their willingness to accept the draft treaty of 1930. Dec. 12, King Fu'ād signed a decree restoring the 1923 constitution. Nasīm Pasha's Government remained in office.

Estonia

1935, March 20. Legislation came into force dissolving all political organizations other than the official Fatherland Party. Dec. 7-8, suppression of attempted *coup d'état* by Liberators' League.

Finland

1935, Sept. 13. League Council adopted report on claim arising out of the use of Finnish ships by the British Government during the War of 1914-18. It was held that the Council had not power to act as arbitrator and would therefore be unable to proceed further with the consideration of the case, as previous discussions had produced no basis for a settlement by conciliation.

See also under *U.S.A.*, June 15.

France

1935, Jan. 7. Signature of Franco-Italian agreements—see under *Security*.

Feb. 1-3. Visit of French Ministers to London—see under *Security*.

May 2. Signature of Franco-Soviet Agreement—see under *Security*.

May 23. Bank rate raised from $2\frac{1}{2}$ per cent. to 3 per cent. following loss of gold and fall of exchange against sterling. May 25 and 28, bank rate raised to 4 and then to 6 per cent. May 30, M. Flandin's Government defeated on a Bill granting them plenary powers to meet financial emergency. M. Bouisson formed a Government on June 1, but had to resign on June 4. On June 7, M. Laval formed a Government and next day the Chamber and Senate passed the Emergency Powers Bill.

Aug. 28. Commendatore Cerruti presented his credentials as Italian Ambassador.

Dec. 8. Chamber of Deputies passed Bill for the disarmament of political leagues. Dec. 23, Senate passed Bill with amendments.

France: cont.

Dec. 16. Resignation of Herr Köster, German Ambassador in Paris.
See also under *Bolivia*, April 7; *China*, Dec. 2; *Saar*; *Security*; *Switzerland*, May 23.

Germany

1935, Jan. 26. Statement made by Herr Hitler to *Gazeta Polska* regarding German-Polish relations. Jan. 27-31, General Goring visited Poland to join a hunting-party at Bialowieza.

March 16. Law reintroducing conscription—see under *Security*.

March 25-6. British Ministers' visit to Berlin—see under *Security*.

May 18-19. General Göring attended Marshal Pilsudski's funeral at Cracow and also visited Warsaw.

May 21. Speech on foreign policy by Herr Hitler in Reichstag (*D.I.A.*, 1935, vol. i, pp. 159-75).

May 24-June 9. General Göring visited Hungary, Bulgaria and Yugoslavia.

June 18. Anglo-German naval agreement—see under *Security*.

July 3-4. Colonel Beck visited Berlin.

Aug. 18. Speech by Dr. Schacht at Königsberg on economic and political situation.

Sept. 10-16. Nazi Party Congress held at Nuremberg.

Sept. 15. Special session of Reichstag at Nuremberg. Speech by Herr Hitler on Memel, foreign affairs and the Jewish question. Laws passed regarding the swastika flag, conditions for citizenship and relations between Aryans and Jews.

Sept. 26. General Göring was reported to have recently been entertaining the Polish Ambassador and other influential Poles at a hunting-party in East Prussia.

Sept. 26-8. General Gombös visited General Göring in East Prussia and stayed in Berlin from Sept. 28 to Oct. 1.

Nov. 7. Dissolution of Stahlhelm organization.

Dec. 6. Order came into force prohibiting import of Reichsmark notes into Germany from abroad unless by special permission or for foreigners' blocked accounts.

See also under *Danzig*; *France*, Dec. 16; *League of Nations*, Oct. 21; *Memel*; *Saar*; *Security*; *Switzerland*, May 23.

Great Britain

1935, June 7. Reconstruction of National Government. Mr. Baldwin and Sir Samuel Hoare succeeded Mr. MacDonald and Sir John Simon as Prime Minister and Foreign Secretary. Mr. Eden became Minister for League of Nations Affairs.

Nov. 14. General election returned National Government to office with a majority of 431 to 184.

Nov. 22-8. Further reconstruction of Government.

Dec. 19. Resignation of Sir Samuel Hoare. Dec. 21, Mr. Eden became Foreign Secretary.

See also under *Bolivia*, April 7; *China*, Sept. 6, Dec. 2, Dec. 5; *Egypt*, Nov. 9; *Finland*; *India*; *Security*; *Switzerland*, May 23; *U.S.S.R.*, July 25-Aug. 21.

Greece

1935, March 1. Outbreak of naval and military revolt in which M. Venizelos took part. March 11, final collapse of revolt in Crete and Eastern Macedonia. June 9, general election by which M. Tsaldaris' Government secured a majority of 287 seats out of 300. Oct. 10, Tsaldaris Government overthrown by monarchists. General Kondylis took office and was appointed Regent when the National Assembly declared for the restoration of the monarchy. Nov. 3, plebiscite resulted in majority in favour of restoration. Nov. 25, King George II returned to Athens. Nov. 30, M. Demerdzis formed a Government. Dec. 1, amnesty for political offences came into force.

See also under *Security*, Jan. 20, April 15.

Haiti. See under *Dominican Republic*.

Hungary

1935, March 31. Government Party of National Union obtained large majority over parties led by Count Bethlen and Dr. Eckhardt in general election held from March 31 to April 7.

May 25. Final discussion by League Council of Hungaro-Yugoslav dispute arising out of the assassination of King Alexander.

See also under *Germany*, May 24–June 9, Sept. 26–8; *Security*, April 15, May 4–6.

India

1935, Aug. 2. Royal Assent given to Government of India Bill.

International Studies Conference

1935, June 2–7. Eighth session of Conference held in London, the subject under discussion being collective security.

Iran

1935, Jan. 8. Iranian memorandum presented to League Council regarding dispute with 'Irāq over Shattu'l-'Arab (*L.N.O.J.*, Feb. 1935, pp. 216–41). Jan. 14, 15 and 21, Council considered dispute and asked its Italian representative to act as *rapporteur*. May 25 and Sept. 28, Council took note of reports from Baron Aloisi to the effect that friendly negotiations were still in progress.

March 21. Change of name of country from Persia to Iran took effect.

June 1. Ratifications exchanged with Switzerland of friendship treaty of April 25, 1934 (*L.N.T.S.* 159).

See also under *Denmark*.

'Irāq

1935, May 10. Tribesmen reported to be in revolt in Middle Euphrates area and to have cut Baghdad–Basra Railway. June 2, it was reported that the rebels had been defeated in this district but were still holding out farther south, round Lake Hammar.

Sept. 13. League Council adopted report from Committee for the Settlement of the Assyrians of 'Irāq regarding schemes for settlement in the Ghab and Upper Khabūr districts of Syria. (Text of report *L.N.O.J.*, Nov. 1935, pp. 1252–85.)

See also under *Afghanistan*; *Iran*, Jan. 8.

Italy

1935, Jan. 24. Reconstruction of Government. New Ministers appointed to six departments. Signor Suvich and Count Ciano continued to hold the posts of Under-Secretary of State for Foreign Affairs and Under-Secretary of State for Press and Propaganda.

Jan. 28. Ratifications exchanged with Switzerland of protocol of Sept. 20, 1934, renewing arbitration treaty of Sept. 20, 1924, for ten years (*L.N.T.S.* 158).

March 15. The newly appointed Italian Ambassador in Belgrade, on presenting his letters of credence, gave the Prince Regent a special message of friendship from Signor Mussolini.

June 13. Ratifications exchanged with Panamá of arbitration and conciliation treaty of Dec. 14, 1932.

See also under *Bolivia*, April 7; *France*, Aug. 28; *Iran*, Jan. 8; *Security*; *Switzerland*, May 23. For economic situation and war with Abyssinia see chronology in vol. ii.

Japan

1935, Jan. 22. Statement on foreign policy made by Mr. Hirota before the Imperial Diet (*D.I.A.*, 1934, pp. 481-6).

See also under *China*; *League of Nations*, March 27; *Manchuria*; *Security*, Dec. 9.

Jugoslavia

1935, May 5. General election resulting in a majority for the Government. The Croat-Serbian opposition list polled 38 per cent. of votes cast. June 20, resignation of M. Jevtić's Government. June 23, M. Stoyadinović formed a Government with the support of the Slovene Clericals, Bosnian Muslims and Serbian Radicals.

July 12-14. The Prince Regent Paul visited King Carol of Rumania at Sinaia.

July 25. Concordat concluded with Vatican.

See also under *Germany*, May 24-June 9; *Hungary*, May 25; *Italy*, March 15; *Security*, Jan. 11, Jan. 20, April 15.

Latvia. See under *Permanent Court of International Justice*, Jan. 14.

League of Nations

1935, Jan. 11-21. Eighty-fourth session of Council.

March 27. Japan ceased to be a member of the League.

April 15-17. Eighty-fifth (extraordinary) session of Council.

April 30-May 8. Meeting of committee on the repression of terrorism.

May 20-1. Special session of Assembly.

May 20-5. Eighty-sixth session of Council.

June 3-18. Twenty-seventh session of Permanent Mandates Commission.

June 4-25. Nineteenth session of International Labour Conference. Draft conventions adopted with regard to (1) the principle of the 40-hour week; (2) the 40-hour week in the glass-bottle industry; (3) Pension rights of migrant workers; (4) Employment of women underground in mines; (5) Revision of hours of work (coal mines) convention of 1931.

July 31-Aug. 3. Eighty-seventh (extraordinary) session of Council.

League of Nations: cont.

Sept. 4-13. Eighty-eighth session of Council.

Sept. 9. Opening of sixteenth ordinary session of Assembly. Rumania and Ecuador were elected to succeed Czechoslovakia and Mexico on the Council and Poland was re-elected. Sept. 28, adjournment of Assembly.

Sept. 17-Oct. 7. Eighty-ninth session of Council.

Oct. 9-11. Continuation of Assembly's session.

Oct. 17-Nov. 1. Twenty-eighth session of Permanent Mandates Commission.

Oct. 21. Germany ceased to be a member of the League.

Dec. 18-19. Continuation of eighty-ninth session of Council.

See also under *Albania*: *Bolivia*, Jan. 14-16, May 16-17, June 22, Sept. 17 and 21; *Danzig*, Jan. 8, May 2, Sept. 23; *Finland*; *Hungary*, May 25; *Iran*, Jan. 8; *Irāq*, Sept. 13; *Saar*; *Security*, Feb. 14, Feb. 18-21, March 16, April 9, April 15-17, May 24-9, Oct. 19/31, Oct. 20; *Switzerland*, May 23; *Turkey*, April 17.

Liberia

1935, June 11. U.S.A. granted recognition to President Barclay's Government.

See also under *Brazil*.

Lithuania

1935, April 18. Meeting at Geneva between Colonel Beck and M. Klimas, the Lithuanian Minister in Paris. Sept. 23, conversations reported to have taken place recently in Geneva between Colonel Beck and the Lithuanian Foreign Minister, M. Lozoraitis.

Dec. 28. The Government decided to dissolve all the parties of the opposition.

See also under *Memel*; *Permanent Court of International Justice*, Jan. 14.

Little Entente. See under *Security*, Jan. 11, April 15.

Manchuria

1935, March 3. Exchange of notes of Aug. 16, 1934, and Jan. 23/March 3, 1935, establishing diplomatic relations between 'Manchukuo' and Dominican Republic.

March 23. Agreements signed between 'Manchukuo', Japan and U.S.S.R. regarding transfer of Chinese Eastern Railway to ownership of 'Manchukuo'.

April 6. Emperor Kang-Tê arrived in Japan on a state visit.

Memel

1935, March 26. End of Kaunas treason trial; 4 members of 'Sovog' Party sentenced to death and 83 members of 'Sovog' and 'C.S.A.' parties to imprisonment. May 18, death sentences commuted. Sept. 29, the Einheitsliste, union of autonomist parties, gained majority over Lithuanian parties in general election. Nov. 5, resignation of Lithuanian Directorate under M. Bruvelaitis. Nov. 28, M. Baldzus, leader of the Einheitsliste, formed a Directorate.

See also under *Germany*, Sept. 15.

Mexico

1935, April 27. Decree issued withdrawing silver currency from circulation.

See also under *League of Nations*, Sept. 9.

Netherlands

1935, April 5. In consequence of pressure on the guilder the bank rate was raised to $3\frac{1}{2}$ per cent. on April 5 and to $4\frac{1}{2}$ per cent. on April 9.

July 20. Guilder once more weak owing to Government's difficulties over Retrenchment Bill. July 24, bank rate raised from 3 per cent. to 5 per cent. and next day to 6 per cent. July 26, Dr. Colijn's Government resigned. Dr. Aalberse, leader of the Roman Catholic Party, tried without success to form a new Government. July 31, Dr. Colijn formed a Coalition Government. Aug. 2, bank rate reduced to 5 per cent.

Sept. 13. Renewed selling of guilders. Sept. 16, bank rate raised to 6 per cent. Sept. 24 and 27, statements by Dr. Colijn in Parliament declaring that his Government would do all in their power to avoid devaluation. Oct. 2, Second Chamber passed Retrenchment Bill. Oct. 16–Nov. 13, bank rate reduced by stages to $3\frac{1}{2}$ per cent.

New Zealand

1935, Nov. 27. Labour Party defeated National Government in general election. Dec. 5, Mr. Savage formed a Labour Government.

Norway

1935, March 16. Resignation of M. Mowinckel's Liberal Government. March 19, M. Nygaardsvold formed a Labour Government.

Panamá

1935, Sept. 21. Ratifications exchanged with Spain of arbitration treaty of Sept. 22, 1930.

See also under *Italy*, June 13.

Pan-American Conferences

1935, May 26–June 19. Commercial Conference held at Buenos Aires. Conventions adopted with regard to suppression of smuggling, tourists' passports, commercial aviation and commercial information bureaux.

Paraguay. See under *Bolivia*.

Permanent Court of International Justice

1935, Jan. 14. Lithuania renewed her acceptance of the optional clause of the Statute of the Court as from Jan. 14, Latvia as from Feb. 26 and Albania as from Sept. 17, renewal being valid in each case for five years. Dec. 28, Argentina signed protocol of signature of Statute and adhered to optional clause for five years.

Jan. 16. President Roosevelt sent message to U.S. Senate urging ratification of resolution on adherence to Statute and to protocols of 1929. (Text of resolution and message, *The Times*, Jan. 10, 1935, and *N.Y.T.*, Jan. 17, 1935.) Jan. 29, resolution defeated by 36 votes to 52, having failed to win two-thirds majority.

Permanent Court of International Justice: cont.

Feb. 1–April 10. Thirty-fourth (ordinary) session held.

Oct. 28–Dec. 4. Thirty-fifth (extraordinary) session held.

See also under *Albania*; *Danzig*, Sept. 23.

Persia. See *Iran*

Peru. See under *Bolivia*, Jan. 14–16, April 7, May 11; *Colombia*.

Philippine Islands. See under *U.S.A.*

Poland

1935, Feb. 1. Statement made by Colonel Beck to Foreign Affairs Committee of Sejm. See under *Security*.

March 28. Colonel Slawek succeeded Professor Koslowski as Prime Minister.

April 23. Constitutional Reform Bill became law.

May 12. Death of Marshal Pilsudski. May 13, General Rydz-Smigly appointed Inspector-General of Polish Army and General Kasprzycki Acting Minister for War.

Sept. 8. Government party returned to office by general election.

Oct. 12. Colonel Slawek's Government resigned. Oct. 13, M. Zyndram-Koscalkowski formed a Government.

Oct. 30. Sejm passed Bill granting Government plenary powers to combat economic crisis. Nov. 5, Senate passed Bill.

See also under *Danzig*, May 2, July 18; *Germany*, Jan. 26, May 18–19, July 3–4, Sept. 26; *League of Nations*, Sept. 9; *Lithuania*, April 18; *Security*, Jan. 16, March 25–6, May 10–12.

Rumania. See under *Jugoslavia*, July 12–14; *League of Nations*, Sept. 9; *Security*, Jan. 11, Jan. 20, April 15.

Saar

1935, Jan. 13. Plebiscite held to decide status of territory; 90.35 per cent. of votes cast in favour of reunion with Germany. Jan. 17, League Council decided that Germany should be re-established in the Government of the Saar. Feb. 19, League Committee of Three adopted report on Franco-German economic and financial negotiations which had taken place under its auspices (text of report and annexed agreements *L.N.O.J.*, March 1935, pp. 461–90). Feb. 28, Franco-German exchange of notes with regard to demilitarization of territory (*L.N.O.J.*, April 1935, pp. 527–9). March 1, return of territory to Germany.

Security

1935, Jan. 4–8. M. Laval visited Signor Mussolini in Rome. Jan. 7, treaty and protocol signed on African questions together with a general declaration of policy and *procès-verbaux* regarding armaments, Austrian independence and a Central European non-intervention pact (*D.I.A.*, 1935, vol. i, pp. 15–24).

Jan. 11. *Communiqué* issued by Permanent Council of Little Entente regarding Rome agreements (*D.I.A.*, 1935, vol. i, p. 24).

Security: cont.

- Jan. 12. Conversations at Geneva between M. Laval, Sir John Simon and Mr. Eden, and between MM. Laval and Litvinov.
- Jan. 16. French note presented in Berlin in reply to German memorandum of Sept. 10, 1934, on the Eastern Pact proposal. Jan. 16 and 19, conversations took place at Geneva between M. Laval and Colonel Beck and M. Litvinov.
- Jan. 20. Permanent Council of Balkan Entente issued *communiqué* regarding Rome agreements (*D.I.A.*, 1935, vol. i, pp. 24-5).
- Jan. 31. Signor Mussolini discussed the Danubian Pact proposal with the German Ambassador.
- Feb. 1. Statement by Colonel Beck before Foreign Affairs Committee of the Sejm regarding Polish foreign policy and the Eastern Pact (*D.I.A.*, 1934, pp. 384-401).
- Feb. 1-3. Conversations between French and British Ministers in London. Feb. 3, joint *communiqué* issued. Feb. 5, statement by M. Flandin in Chamber of Deputies. Feb. 9 and 12, statements made by Italian and Belgian Governments. Feb. 14, German note handed to British and French Ambassadors. Feb. 20, note presented by Soviet Government. (*D.I.A.*, 1935, vol. i, pp. 25-38).
- Feb. 14. Committee of Disarmament Conference on the Trade in and Private and State Manufacture of Arms and Implements of War began work again at Geneva. April 13, report adopted (*L. of N. document* 1935, ix. 6).
- Feb. 18-21. Meeting of Committee on Miscellaneous Provisions of the Disarmament Conference.
- Feb. 18. British Government appointed Royal Commission on the Private Manufacture of and Trading in Arms.
- Feb. 28. Sir John Simon visited Paris.
- March 2. The German Ambassador in Paris informed M. Laval of his Government's objections to the mutual assistance provisions of the Eastern Pact.
- March 4. Publication of British White Paper of March 1 regarding defence (*D.I.A.*, 1935, vol. i, pp. 38-47).
- March 5. Request for postponement of British Ministers' visit to Berlin, because Herr Hitler had a cold.
- March 9. Foreign Air Attachés in Berlin were informed that the German Air Force had come into existence officially as from March 1.
- March 11. Debate in British House of Commons on White Paper of March 1.
- March 15. French Government's proposals for extending period of military service were approved by Chamber of Deputies on March 15 and by Senate on March 20 (*D.I.A.*, 1935, vol. i, pp. 56-8).
- March 16. Promulgation of German law reintroducing conscription.
- March 18, British note of protest presented to German Government.
- March 21, debate in British House of Commons on European situation. French and Italian notes addressed to Germany. French Government asked League Secretary-General to call a meeting of the Council (*D.I.A.*, 1935, vol. i, pp. 58-69).

Security: cont.

March 22. Rome agreements ratified by French Chamber of Deputies on March 22 and by Senate on March 26.

March 23-4. Conversations in Paris between M. Laval, Mr. Eden and Signor Suvich.

March 25-6. Conversations in Berlin between Sir John Simon, Mr. Eden and Herr Hitler. March 26, German note to Great Britain with regard to Eastern Pact. Thereafter Mr. Eden visited Moscow on March 28-31 and Warsaw on April 1-3 and spent some hours at Prague on April 4 while on his way home. April 9, statement by Sir John Simon in House of Commons (*D.I.A.*, 1935, vol. i, pp. 75-80, 260).

April 6. Soviet Ambassador delivered reply to M. Laval regarding French suggestion for establishing security in Eastern Europe. April 9, the Governments of France and the U.S.S.R. were stated to have agreed in principle to conclude a mutual assistance convention.

April 9. French memorandum sent to League of Nations regarding German rearmament (*D.I.A.*, 1935, vol. i, pp. 94-8).

April 11-14. Three-Power Conference met at Stresa. (For the text of joint resolution and Anglo-Italian declaration with regard to Locarno Treaty, together with the statement made by Mr. MacDonald in the House of Commons on April 17, see *D.I.A.*, 1935, vol. i, pp. 80-6).

April 12. Freiherr von Neurath stated that Germany was still prepared to enter an Eastern Pact of Non-Aggression even if the other signatories concluded separate mutual-assistance arrangements among themselves.

April 15. The Permanent Councils of the Little Entente and Balkan Entente adopted a resolution with regard to the Stresa Conference and to the statement made by M. Laval on the question of the military status of Austria, Hungary and Bulgaria (*D.I.A.*, 1935, vol. i, pp. 86-7).

April 15-17. Extraordinary session of League Council. Resolution adopted condemning unilateral denunciation of Part V of Versailles Treaty by Germany and appointing committee on collective security and economic and financial sanctions. April 20, German *communiqué* issued regarding despatch of protests to states members of Council (*D.I.A.*, 1935, vol. i, pp. 98-116).

May 2. Franco-Soviet mutual assistance pact signed at Paris (*D.I.A.*, 1935, vol. i, pp. 116-19).

May 2. Statement in House of Commons by Sir John Simon with regard to European situation and British obligations under Locarno Treaty (*D.I.A.*, 1935, vol. i, pp. 135-6).

May 3 and 10. Sir John Simon and Herr von Hoesch discussed proposed Air Pact.

May 4-6. Signor Suvich met the Austrian and Hungarian Foreign Ministers at Venice to discuss political and economic problems including the proposed Danubian Conference (*D.I.A.*, 1935, vol. i, pp. 87-8).

May 10-12. M. Laval visited Warsaw on May 10-12 and Moscow on May 13-15 (*D.I.A.*, 1935, vol. i, pp. 136-8). May 18, Monsieur

Security: cont.

- Laval met General Göring at Cracow on the occasion of Marshal Pilsudski's funeral.
- May 16. Czechoslovak-Soviet mutual-assistance treaty signed at Prague (*D.I.A.*, 1935, vol. i, pp. 138-9).
- May 21. Speech on foreign policy by Herr Hitler in Reichstag (*D.I.A.*, 1935, vol. i, pp. 159-75).
- May 22. Statement in House of Commons by Mr. Baldwin.
- May 24-9. League Committee of Thirteen on the organization of collective security discussed a French memorandum on economic and financial sanctions. June 24-8, meeting of sub-committee of jurists. July 1-13, meeting of economic and financial sub-committee (summary of reports, *L.N.M.S.*, June and July 1935). July 24-9, Committee of Thirteen considered these reports and appointed experts to study the question of key products necessary for the manufacture of arms.
- May 25. German memorandum on relation between Franco-Soviet Pact and Treaty of Locarno presented to the French Government on May 25, to the British Government on May 29 and also to the Governments of Belgium and Italy (*D.I.A.*, 1935, vol. i, pp. 264-7).
- May 29. German suggestions with regard to Air Pact laid before Sir John Simon.
- June 3. French Government accepted German proposals of March 26 as basis of negotiations for Eastern Non-Aggression Pact.
- June 4. Anglo-German naval conversations began in London. June 12, British memorandum on proposed agreement sent to France and Italy. June 17, French reply despatched. June 18, Anglo-German agreement concluded (*D.I.A.*, 1935, vol. i, pp. 142-5). June 26, Naval Committee of French Chamber of Deputies passed resolution declaring that, in view of the agreement, France had regained complete liberty in naval matters.
- June 8-17. Dr. Beneš visited Russia. June 8, ratifications exchanged of mutual-assistance treaty of May 16.
- June 20-2. Mr. Eden visited Paris, travelled on to Rome for conversations with Signor Mussolini on June 24-5 and paid a second visit to Paris on June 27 on his way back. He made a statement with regard to his journey in the House of Commons on July 1.
- June 25. The French Government presented their reply to the German memorandum on the Franco-Soviet Treaty. Replies were also sent from Great Britain on July 5, from Italy on July 15 and from Belgium on July 19 (*D.I.A.*, 1935, vol. i, pp. 267-72).
- July 11. Statement on British foreign policy made by Sir Samuel Hoare in House of Commons.
- July 22. Statement made in House of Commons by Sir Bolton Eyres-Monsell on the abandonment of the ratio principle with regard to naval armaments.
- July 22. Sir Samuel Hoare sent instructions to the British Ambassador in Paris regarding Air Pact negotiations. July 23, further conversations between Sir Samuel Hoare and Herr von Hoersch. July 29, the

Security: cont.

French Government agreed to the opening of negotiations under certain conditions.

Aug. 1. Conversation between Sir Samuel Hoare and Herr von Hoesch regarding Eastern Pact, Franco-Soviet treaty and Air Pact. Statement made by Sir Samuel Hoare in House of Commons (*D.I.A.*, 1935, vol. i, pp. 263-4).

Aug. 5. British *aide-mémoire* to Germany with regard to the lapse of Herr von Neurath's undertaking of April 12 concerning the Eastern Pact (*D.I.A.*, 1935, vol. i, pp. 261-3).

Sept. 18. The British Ambassador at Berlin reported that the German Government did not propose to reply to enquiries about the Eastern Pact until quieter times came.

Oct. 19/31. Correspondence between French and British Governments on the subject of the effect of Germany's withdrawal from the League upon the Locarno Treaty (*D.I.A.*, 1935, vol. i, p. 273).

Oct. 20. Death of Mr. Arthur Henderson, President of the Disarmament Conference.

Nov. 21. Conversations took place at Berlin between Herr Hitler, Freiherr von Neurath and the French Ambassador, M. François-Poncet.

Dec. 9. Five-Power Naval Conference opened in London. Japanese statement issued regarding 'common upper limit'. Dec. 17, British proposal for quantitative limitation placed before Conference. Dec. 20, Conference adjourned till Jan. 6, 1936.

Dec. 13. British Ambassador in Berlin made inquiries of Herr Hitler with regard to Air Pact and was informed of his objections to Franco-Soviet treaty.

See also under *Turkey*, April 17; *U.S.A.*, April 9, May 3, June 5, June 24, Aug. 31.

Siam

1935, March 2. Abdication of King Prajadhipok, who was succeeded by his nephew Ananda.

Silver. See under *China*, Nov. 4; *Mexico*; *U.S.A.*, April 10, Dec. 9.

Spain

1935, March 29. Resignation of Señor Lerroux's Government. April 3, temporary Government formed by Señor Lerroux without support of C.E.D.A. and Agrarian Party. May 3, Lerroux Government reconstructed with support of both these parties. Sept. 20, Lerroux Government resigned. Sept. 25, Señor Chapaprieta formed a Government. Oct. 29, Government reconstructed on retirement of Señor Lerroux. Dec. 9, resignation of Chapaprieta Government. Dec. 14, Señor Portela Valladares formed a Government of the Right and Centre Parties, not including the C.E.D.A. Dec. 30, Portela Valladares Government reconstructed with support of Centre Parties. This was the twenty-seventh Cabinet crisis since the republic had been established in April 1931.

See also under *Bulgaria*, June 21; *Panamá*.

Switzerland

1935, May 7. Protocol of June 1, 1933, modifying conciliation convention of Dec. 9, 1928, came into force with Turkey (*L.N.T.S.* 159).

May 23. League Council discussed question of war claims by the Swiss Confederation on behalf of its nationals against France, Germany, Great Britain and Italy. It was held that, in the absence of any immediate danger to peace, the Council had not power to act as arbitrator, while there was not enough hope of a settlement by conciliation to justify the matter being kept on the Council's agenda.

June 2. Referendum taken on proposal for economic and financial reconstruction known as the *initiative de crise*, which was rejected by 570,302 votes to 424,033.

Sept. 8. Referendum on revision of Federal Constitution resulted in proposal being rejected by 510,014 votes to 193,841.

See also under *Egypt*, March 10; *Iran*, June 1; *Italy*, Jan. 28.

Syria. See under '*Irāq*', Sept. 13.

Turkey

1935, April 17. M. Rüstü Aras stated, during the session of the League Council called to discuss German rearmament, that if changes occurred in the situation determined by existing treaties, Turkey would be obliged to make those changes dependent upon modifications in the military régime of the Straits.

Nov. 7. Protocol signed with U.S.S.R. prolonging till 1945 the friendship and neutrality treaty of Dec. 17, 1925, together with the protocol of Dec. 17, 1929, and the naval agreement of March 7, 1931.

See also under *Security*, Jan. 20, April 15; *Switzerland*, May 7.

U.S.A.

1935, Jan. 31. Break-down of negotiations with U.S.S.R. concerning pre-Soviet debts and other financial claims.

Feb. 18. Supreme Court gave decision in gold-clause cases (*N.Y.T.*, Feb. 19, 1935).

April 9. Congress passed McSwain War Profits Bill except for section dealing with conscription.

April 10. Government raised price of newly mined silver to 71 cents per ounce. April 24, price raised to 77·57 cents. April 26, price of silver rose to 36½d. per ounce in London market.

May 3. War Profits Bill introduced in Senate by Senator Nye.

May 27. Supreme Court gave judgement in Schechter case, declaring that code-making and enforcement provisions of National Industrial Recovery Act were unconstitutional.

June 5. Bill on Government control of arms traffic introduced in Senate by Senator Pope. June 6, Senate ratified Geneva arms-traffic convention of June 17, 1925, making its ratification conditional on that of Belgium, Czechoslovakia, France, Germany and U.S.S.R.

June 15. Finland paid instalments of war debt due on June 15 and Dec. 15.

U.S.A.: cont.

June 24. Preliminary report issued by special committee of Senate investigating the munitions industry.

July 13. Reciprocal trade agreement signed with U.S.S.R. July 11/15, exchange of notes regarding value of goods to be purchased.

Aug. 31. President Roosevelt signed joint resolution of Congress on arms embargo and prohibition of travel in ships of belligerent nations.

Nov. 15. New constitution came into force for Philippine Islands.

Dec. 9. Slump in London silver market owing to withdrawal of support and fixing of lower prices by U.S. Government. Prices fell to 20 $\frac{7}{16}$ d. on Dec. 24, rising again to 22 $\frac{1}{16}$ d. on Dec. 30.

See also under *Bolivia*, April 7, May 11; *China*, Dec. 5; *Liberia*; *Permanent Court of International Justice*, Jan. 16; *Security*, Dec. 9; *U.S.S.R.*, July 25–Aug. 21.

U.S.S.R.

1935, Jan. 17. Zinoviev, Kamenev and other 'Old Guard' Communists sentenced to imprisonment for counter-revolutionary activities and 'moral and political responsibility' for the murder of Kirov.

Jan. 28. M. Molotov, President of the Council of People's Commissars, gave an address on internal and foreign affairs at the opening of the seventh All-Union Congress (*D.I.A.*, 1934, pp. 405–15). During its session, which ended on Feb. 6, the Congress authorized the drafting of 'democratic' amendments to the constitution, providing for direct elections by secret ballot and equal representation for peasants and workers.

May 31. The Central Committee of the Communist Party was reported to have decided to disband the Society of Old Bolsheviks. June 26, Society of Political Ex-Convicts and Exiles disbanded.

July 25–Aug. 21. Seventh world congress of Comintern held at Moscow. Aug. 19, complaint made by British Ambassador regarding propagandist speeches. Aug. 25, U.S. Ambassador presented note on the same subject (*N.Y.T.*, Aug. 26, 1935). Aug. 27, reply from Soviet Government (*N.Y.T.*, Aug. 28, 1935). Aug. 31, Mr. Cordell Hull issued statement regarding Soviet note (*N.Y.T.*, Sept. 1, 1935).

Dec. 27. Uruguayan Government severed diplomatic relations with U.S.S.R. on ground that Soviet diplomatic representatives had been connected with Communist activities both in Uruguay and elsewhere in South America.

See also under *Belgium*, June 12; *Manchuria*, March 23; *Security*; *Turkey*, Nov. 7; *U.S.A.*, Jan. 31, July 13.

Uruguay. See under *Bolivia*, May 11; *U.S.S.R.*, Dec. 27.

Vatican. See under *Jugoslavia*, July 25.

Venezuela

1935, Dec. 17. Death of General Gomez, President, Commander-in-Chief and for twenty-five years Dictator.

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